HALF-YEAR REPORT
AT 30 JUNE 2014

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Highlights

INTRODUCTION

This half-year report at 30 June 2014, comprising the interim report on operations and the condensed half-year financial statements, was prepared in accordance with article 154-*ter* of Legislative Decree 58/1998 as subsequently amended (the 'TUF').

The report was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Union, and with the provisions of IAS 34-Interim Financial Reporting.

	30 June 2014	30 June 2013	Change	
			Total	Constant rates
	€ million	€ million	%	%
Net sales	**686.1**	**698.6**	**-1.8%**	**4.7%**
Contribution margin	253.8	258.0	-1.6%	4.5%
EBITDA before non-recurring items	143.2	145.6	-1.6%	4.3%
EBITDA	**140.0**	**140.7**	**-0.5%**	
Result from recurring activities	124.4	125.4	-0.8%	5.0%
Operating result	**121.2**	**120.5**	**0.6%**	
Profit before tax	91.3	92.2	-0.9%	
Net profit - Group and non-controlling interests	57.6	57.9	-0.4%	
Group net profit	**57.3**	**57.6**	**-0.5%**	
Free cash flow	52.9	26.0		
Operating margin (operating result/net sales)	**17.7%**	**17.3%**		
ROI (operating result/fixed assets)	**5.4%**	**5.8%**		
Diluted earnings per share (€)	0.10	0.10		
Average number of employees	4,019	4,042		

	30 June 2014	31 December 2013
	€ million	€ million
Net debt	1,099.1	852.8
Total shareholders' equity	1,413.6	1,396.1
Fixed assets	2,227.1	1,998.7
Working capital and other assets and liabilities	285.6	250.2

Corporate officers

Board of Directors [1]

Luca Garavoglia	Chairman
Robert Kunze-Concewitz	Managing Director-Chief Executive Officer
Paolo Marchesini	Managing Director-Chief Financial Officer
Stefano Saccardi	Managing Director-General Counsel and Business Development Officer
Eugenio Barcellona	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee [4][5]
Camilla Cionini-Visani	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee [4][5]
Karen Guerra	Director
Thomas Ingelfinger	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee [4][5]
Marco P. Perelli-Cippo	Director

Board of Statutory Auditors[2]

Pellegrino Libroia	Chairman
Enrico Colombo	Statutory Auditor
Chiara Lazzarini	Statutory Auditor
Giovanni Bandera	Alternate Auditor
Graziano Gallo	Alternate Auditor
Piera Tula	Alternate Auditor

Independent auditors[3]

PricewaterhouseCoopers S.p.A.

[1] The nine members of the Board of Directors were appointed on 30 April 2013 by the shareholders' meeting and will remain in office for the three-year period 2013-2015. At the same shareholders' meeting, Luca Garavoglia was appointed as Chairman and granted powers in accordance with the law and the Company's articles of association.
At a meeting held on the same date, the Board of Directors gave Managing Directors Robert Kunze-Concewitz, Paolo Marchesini and Stefano Saccardi the following powers for three years until approval of the 2015 financial statements:

- individual signature: powers of ordinary representation and management, within the value or time limits established for each type of function;
- joint signature: powers of representation and management for specific types of function, within the value or time limits deemed to fall outside ordinary activities.

[2] The Board of Statutory Auditors was appointed on 30 April 2013 by the shareholders' meeting for the three-year period 2013-2015.

[3] On 30 April 2010, the shareholders' meeting appointed PricewaterhouseCoopers S.p.A. as its independent auditors for the nine-year period 2010-2018.

[4][5] The Control and Risks Committee and the Remuneration and Appointments Committee were appointed by the Board of Directors on 30 April 2013 for the three-year period 2013-2015.

Interim report on operations

Significant events during the period

Acquisitions and sales of companies, brands and distribution rights

Acquisition of Forty Creek Distillery Ltd.

On 2 June 2014, Gruppo Campari closed the transaction to acquire 100% of Forty Creek Distillery Ltd. after the signing on 12 March 2014.

The acquired company is an independent market leader in the Canadian spirits market. The acquired business includes the full brand portfolio of Forty Creek Distillery Ltd., the stocks, distilleries and manufacturing facilities and a hospitality centre located in Grimsby, Ontario (Canada).

This transaction enables the Group to build its critical mass in key North American markets and marks its first move into the important Canadian whisky segment.. Moreover, it adds a high-end premium brand to its current portfolio of brown spirits, a strategic high potential category, especially in the US market.

The product portfolio includes whisky, vodka, brandy, rum and liqueurs, with Forty Creek Canadian whisky as its core brand. The Forty Creek whisky family includes Barrel Select, Copper Pot Reserve and Forty Creek Cream Whisky and offers high-end limited releases, including Forty Creek Confederation Oak, Double Barrel and a special John K. Hall Reserve. Forty Creek is the fastest-growing brand in the Canadian whisky category in Canada, and it is well-positioned in the high potential US market.

The total price of the transaction was €133.6 million, which includes a total price of CAD 198.2 million (€ 133.7 million at the exchange rate on the date of closing) and financial cash and cash equivalents at the date of closing of €0.1 million.

At the date of this report, the amount already paid in cash is CAD 177.7 million (€ 119.9 million). The amount of CAD 9.3 million (€ 6.3 million) still to be paid to the sellers, relates to the purchase price holdback, pledged as a guarantee, and was recorded under the Group’s current financial payables.

In addition, the Group acquired current tax payables connected with the signed agreements, totalling CAD 11.1 million (€ 7.5 million).

For more information on the impact of the acquisition on the Group’s financial position, please see the condensed half-year financial statements included in this report, in note 6-Business combinations.

With regard to the amount communicated when the acquisition was announced, of CAD 185.6 million (€ 120.5 million at the exchange rate on the announcement date), the final value of CAD 198.2 million includes, in addition to the net cash position, a price adjustment of CAD 12.6 million. The price adjustment stems from the fact that the contractual arrangement provides for payment of a multiple of 14.5 times EBITDA in the financial year ending 31 March 2014, and the business performed better than forecast in terms of sales (CAD 40.3 million) and EBITDA (CAD 13.7 million). The contractually agreed multiple of 14.5 times was therefore applied to EBITDA that was higher in absolute terms.

Acquisition of Fratelli Averna S.p.A.

On 3 June 2014, Gruppo Campari closed the transaction to acquire 100% of Fratelli Averna S.p.A. (hereinafter, ‘Averna Group’), after the signing on 15 April 2014.

Fratelli Averna S.p.A. has its head office in Caltanissetta (Sicily). It is a leading company in the spirits market in Italy, and the owner of Averna, the bitters with the second highest sales in Italy and one of the most well-known and popular Italian liqueurs in the world. In addition, Averna Group owns a portfolio of products characterised by their premium positioning, high profitability and leadership in the categories concerned, including Braulio, a herb-based bitters that is particularly popular in northern Italy; Limoncetta, a naturally sweet liqueur obtained from lemon peel; and Grappa Frattina. The acquisition of Averna Group is an opportunity to leverage the direct distribution structure in key markets for brands acquired in order to accelerate their profitable growth in keeping with the growth strategy through acquisitions.

The total purchase price for 100% of Fratelli Averna S.p.A. was € 103.7 million, consisting of a cash payment of € 98.0 million and financial net debt of € 5.7 million and corresponding to a multiple of 9.2 times the pro-forma EBITDA for the year ending 31 December 2013.

In the year ending 31 December 2013, Averna Group generated total net sales of € 61.8 million, an increase of 3.1% over the previous year. About 48% of sales are from Averna and Braulio. The rest is generated by a portfolio of spirits, of which the most important brands are Limoncetta and Grappa Frattina. In terms of geographical distribution, Italy

represents about 65% of the total revenues of the business acquired, while 35% of international sales are generated mainly in Germany and Austria.
For more information on the impact of the acquisition on the Group's financial position, please see the condensed half-year financial statements included in this report, in note 6-Business combinations.

Acquisition of the distribution of Sambuca Molinari in Germany and the Duty Free channel

In February 2014, the Group signed an agreement, with the family that owns the brand, to distribute Sambuca Molinari Extra in Germany and some selected markets from 1 April 2014. The agreement also includes the distribution of Molinari Caffè in Germany.

Sale of CISC 'Odessa Sparkling Wine Company' in Ukraine

On 24 April 2014, after the signing on 13 February 2014, the sale of CISC 'Odessa Sparkling Wine Company', brand-owner of Odessa sparkling wine, was completed.
At 31 December 2013, the Group had already adjusted the company's asset values to the estimated sale value, resulting in a total write-down of € 4.1 million.
It should be noted that the trading company Campari Ukraine LLC took over the distribution of other products marketed by the Group in Ukraine from CISC 'Odessa Sparkling Wine Company' in October 2013.

Sale of a non-core production and commercial business in Jamaica

As part of the ongoing rationalisation of the Group's activities, on 30 June 2014, it sold the non-core business that produces and sells the 'Clean Clean' brand of detergents. The business, which was originally owned by Tradewell Ltd, had been acquired by Gruppo Campari as part of the LdM transaction in Jamaica.
The business, which generated insignificant net revenues for the Group in 2013, was sold at a loss of € 0.2 million.

Termination of the distribution of Cachaca 51 and Santa Teresa rum in Italy

In the first few months of 2014, the agreements to distribute Cachaca 51 and Santa Teresa rum were terminated in order to promote the distribution of the Group's own products, Sagatiba and Appleton. The impact on the Group's sales is not significant (around 0.1%).

Termination of the distribution of Flor de Caña in the US

In the first few months of 2014, the agreements to distribute Flor de Caña in the US were terminated in order to focus on the distribution of the Appleton rum portfolio. Sales of this product represented approximately 1% of the Group's revenues. The impact on the Group's annual revenues, based on sales achieved in 2013, is around 0.4%.

Termination of the distribution of Kimberly Clark consumer products in Jamaica

In February 2014, the agreements to distribute Kimberly Clark products in Jamaica were terminated. The decision is consistent with the Group's desire to maintain only sufficiently profitable distribution agreements. The impact on the Group's annual revenues, based on sales achieved in 2013, is around 0.5%.

Termination of the distribution of products under the Suntory brand

Following the recent acquisition of Beam Inc. by Suntory Holdings Ltd. and the subsequent change in Suntory's distribution and marketing presence on the US market, the Suntory group announced that, effective the second half of 2014, it would terminate its agreement with Gruppo Campari for the distribution in the US of products under the Suntory brand. The portfolio includes Midori, Yamazaki, Hibiki, Hakashu, Bowmore, Glen Garioch, McClelland's and Auchentoshan.
Revenues generated by products under the Suntory brand in this market in 2013 represented around 1% of the Group total.

Innovation and new product launches

Launch of Crodino Twist

In January 2014, a new product, created from two flavours of Crodino – Crodino Twist Orange flavour and Crodino Twist Red Fruits flavour, both in larger sizes than the current Crodino – was launched in Italy.

Launch of the new flavours of SKYY Green Apple Liqueur

In the first few months of 2014, the Green Apple flavour of SKYY liqueurs was launched in Italy, with the aim of expanding the distribution of these products.

Launch of Mondoro Vermouth

In early 2014, the line extension in the premium segment of the Mondoro brand was launched in Russia. The new product, which is in addition to the Mondoro sparkling wine, aims to increase the brand's presence in the premium market segment in Russia.

Launch of the new Cinzano vermouth drink

In the first few months of 2014, the new Cinzano 1757 drink was launched in the premium segment in Argentina, Italy and North America. This red vermouth takes its name from the year the brand was created.

Launch of flavoured sparkling wine in Germany and Belgium

In the second quarter, new Cinzano and Riccadonna products based on natural flavourings were launched in Germany and Belgium respectively.

Other significant events

Ordinary shareholders' meeting of the Parent Company

On 30 April 2014, the ordinary shareholders' meeting of Davide Campari-Milano S.p.A. unanimously approved the financial statements for the financial year 2013 and agreed the payment of a dividend of € 0.08 per share outstanding, up 14.29% on the dividend paid out for financial year 2012.

The total dividend, calculated on the shares outstanding and excluding own shares (4,790,138 shares), was € 46,080,789.

Sponsorship agreement between Aperol and Manchester United

In January 2014, Aperol announced its partnership with Manchester United. Aperol will be the club's Official Global Spirits Partner from 1 January 2014 to the end of the 2016/2017 season. The brand will be shown on the digital advertising boards at Old Trafford during Premier League, FA Cup and Capital One Cup home games. A 360° launch program has also been activated in the key markets, with above-the-line and below-the-line communications, which includes on-trade, digital and public relations activities.

Opening of visitor centre in Lawrenceburg, Kentucky

On 15 April 2014, Gruppo Campari inaugurated the new visitor centre in Lawrenceburg, Kentucky, the site of one of the Group's distilleries. In light of its significance from an architectural and historical standpoint as representative of the bourbon industry in Kentucky, the inauguration was an important media event in the local area, attended by the Governor of Kentucky, Steve Beshear. The Kentucky Bourbon Trail offers a full display and complete information on the art of producing bourbon, and the Group expects to receive some 80,000 visitors annually.

Purchase of own shares

Between 1 January and 30 June 2014, the Group bought 900,000 own shares at an average price of € 5.86, and sold 2,285,522 shares after stock option exercises.

At 30 June 2014, the Parent Company held 3,731,302 own shares, equivalent to 0.64% of the share capital.

Sales performance

Overall performance

In the first half of 2014, the Group's net sales totalled € 686.1 million which, compared with the same period in 2013, represented a 1.8% decline overall, despite satisfactory organic growth (+3.8%). The negative exchange rate effect was significant in the period (-6.5%), as shown in the following table, which breaks down the total change into organic growth, external growth and exchange rate.

	€ million	% compared with first half of 2013
Net sales in the first half of 2014	686.1	
Net sales in the first half of 2013	698.6	
Total change	**-12.5**	**-1.8%**
of which		
Organic change	26.6	3.8%
External change	6.2	0.9%
Exchange rate effect	-45.2	-6.5%
Total change	**-12.5**	**-8.4%**

In more detail, the effects by product category are as follows:

	First half 2014		First half 2013		% change
	€ million	%	€ million	%	2014 / 2013
Top 6 international franchises	349.3	50.9%	364.3	52.1%	-4.1%
High potential brands	86.3	12.6%	89.7	12.8%	-3.8%
Local brands	129.5	18.9%	124.0	17.7%	4.5%
Agency brands	69.1	10.1%	65.7	9.4%	5.1%
Non-core activities	51.9	7.6%	54.9	7.9%	-5.4%
Total	**686.1**	**100.0%**	**698.6**	**100.0%**	**-1.8%**

Breakdown of % change	Total	Organic change	External change	Exchange rate effect
Top 6 international franchises	-4.1%	2.1%	0.0%	-6.2%
High potential brands	-3.8%	2.3%	0.3%	-6.4%
Key local brands	4.5%	9.9%	-0.4%	-5.0%
Agency brands	5.1%	0.6%	10.1%	-5.6%
Non-core activities	-5.4%	7.7%	-0.4%	-12.6%
Total	**-1.8%**	**3.8%**	**0.9%**	**-6.5%**

The main reasons for the changes shown above are analysed in the following sections; in the first section, we comment on the trends in the largest of our key geographical areas and, lastly, we report on the global sales performance of the Group's key brands.

Organic change

Consolidated organic growth in the half-year, of 3.8%, was achieved by developing the top 6 international franchises, high potential brands and key local brands, which together represent approximately 80% of the Group's sales, and which achieved organic growth of 2.1%, 2.3% and 9.9% respectively.
In the second quarter, certain markets, such as Russia, Jamaica and Australia, made up for the delays experienced at the end of the first quarter, leading to highly satisfactory organic growth.

Of the top 6 international franchises, Aperol and Campari confirmed their overall positive trend, which had started in the first quarter. Excellent performances in many markets enabled both brands to generate double-digit organic growth. The SKYY, Wild Turkey, Cinzano and Jamaican rum franchises registered a negative organic performance, although this was an improvement on the first quarter, due to a considerable recovery during the second quarter.

Of the high potential brands, organic growth was driven by the satisfactory performance of Riccadonna in its key markets of Russia and Australia, and of Espolòn tequilas in the US.

The key local brands category, which includes Campari Soda, Crodino, Lemonsoda drinks and the Brazilian brands, continued to generate positive performances as noted in the first three months, with excellent results in their respective key markets of Italy and Brazil.

It should be noted that organic growth in non-core activities was mainly due to sales of the non-core business in Jamaica.

External change

External growth of 0.9% was attributable to the net effect of acquisitions, new distribution agreements and the termination of distribution agreements.

It should be noted that the acquisitions of Forty Creek Distillery Ltd. and Averna Group are not shown in the external change for the period, as the transactions were closed in the last month of the quarter.

The main components of this change were:

- the distribution, from 1 July 2013, of the entire William Grant&Sons portfolio in Germany, including the Glenfiddich, Grant's and Balvenie Scotch whiskies, Sailor Jerry rum and Hendrick's gin;
- the acquisition in September 2013 of the Copack business in Australia;
- the distribution of other third-party brands, including Bulldog Gin, from 1 January 2014;
- the termination of several distribution agreements, including Kimberly Clark in Jamaica, Russian Standard vodka in Germany and Caffè Lavazza in Russia.

The impact of these factors on half-year sales is analysed in the table below:

Breakdown of external change	% compared with first half of 2013	€ million
Distribution of William Grant&Sons in Germany (*)	1.3%	8.7
Other third-party brands distributed	0.5%	3.5
New bottling business in Australia	0.8%	5.3
Discontinued third-party brands	-1.6%	-11.4
Total external growth	0.9%	6.2

(*) excluding Tullamore Dew Irish whisky previously distributed by the Group in the market since 2012.

Exchange rate effects

The negative exchange rate effect (6.5%) was associated with the substantial devaluation in average exchange rates compared with 2013 in many of the functional currencies of Group companies, such as the Jamaican Dollar (-14.5%), the Argentine Peso (-37.4%), the Australian Dollar (-13.5%), the Brazilian Real (-15.3%), the Russian Rouble (-15.1%) and the US Dollar (-4.2%).

The table below shows the average exchange rates in the first half of 2014 and the percentage change compared with the corresponding average exchange rates in the first half of 2013.

It also shows the spot exchange rates at 30 June 2014, and the changes compared with the corresponding period in 2013 and with 31 December 2013; the latter determine the exchange rate effects incorporated in the balance sheet changes for the half-year.

	Average exchange rates		Spot exchange rates		
	First half 2014	Change compared with first half 2013	30 June 2014	Change compared with 30 June 2013	Change compared with 31 December 2013
	: 1 Euro	%	: 1 Euro	%	%
US Dollar (USD)	1.370	-4.2%	1.366	-4.2%	1.0%
Jamaican Dollar (JMD)	149.454	-14.5%	152.755	-13.5%	-4.3%
Mexican Peso (MXN)	17.978	-8.2%	17.712	-3.8%	2.0%
Brazilian Real (BRL)	3.150	-15.3%	3.000	-3.7%	8.6%
Argentine Peso (ARS)	10.747	-37.4%	11.107	-36.6%	-19.1%
Russian Rouble (RUB)	48.020	-15.1%	46.378	-7.6%	-2.3%
Australian Dollar (AUD)	1.4986	-13.5%	1.454	-2.5%	6.1%
Chinese Yuan (CNY)	8.451	-3.8%	8.472	-5.2%	-1.5%
UK Pound (GBP)	0.821	3.6%	0.802	6.9%	4.0%
Swiss Franc (CHF)	1.221	0.7%	1.216	1.5%	1.0%

Sales by region

The breakdown of business by region, shown in the following table, is broadly similar to that in 2013. However, there was a slight increase in the contribution of Italy and other European countries to consolidated sales, due to their greater organic growth compared with the Americas region, which also suffered from an unfavourable exchange rate in nearly all its markets.

	First half 2014		First half 2013		% change
	€ million	%	€ million	%	2014 / 2013
Americas	275.1	40.1%	310.7	44.4%	-11.5%
Italy	194.0	28.3%	179.3	25.7%	8.2%
Rest of Europe	148.0	21.6%	143.8	20.6%	2.9%
Rest of the world and duty-free	69.0	10.1%	64.7	9.3%	6.6%
Total	**686.1**	**100.0%**	**698.6**	**100.0%**	**-1.8%**

Breakdown of % change	Total	Organic change	External change	Exchange rate effect
Americas	-11.5%	0.9%	-0.9%	-11.5%
Italy	8.2%	8.7%	-0.4%	0.0%
Rest of Europe	2.9%	2.2%	2.9%	-2.2%
Rest of the world and duty-free	6.6%	7.7%	8.6%	-9.8%
Total	**-1.8%**	**3.8%**	**0.9%**	**-6.5%**

- **Americas**

Changes in the key markets of the Americas, the Group’s largest region in terms of sales, were as follows:

	Percentage	First half 2014		First half 2013		% change
	of Group sales	€ million	%	€ million	%	2014 / 2013
US	19.9%	136.6	49.6%	148.0	47.6%	-7.7%
Jamaica	8.6%	59.1	21.5%	78.8	25.4%	-25.0%
Brazil	4.8%	32.9	12.0%	33.8	10.9%	-2.8%
Argentina	2.4%	16.7	6.1%	19.2	6.2%	-12.9%
Canada	1.8%	12.2	4.5%	14.8	4.8%	-17.3%
Other countries	2.6%	17.5	6.4%	16.1	5.2%	8.9%
Total Americas	**40.1%**	**275.1**	**100.0%**	**310.7**	**100.0%**	**-11.5%**

Breakdown of % change	Total	Organic change	External change	Exchange rate effect
US	-7.7%	-3.6%	-0.1%	-4.0%
Jamaica	-25.0%	-8.0%	-4.2%	-12.8%
Brazil	-2.8%	14.8%	0.0%	-17.6%
Argentina	-12.9%	39.1%	0.0%	-51.9%
Canada	-17.3%	-7.5%	0.0%	-9.8%
Other countries	8.9%	19.1%	4.9%	-15.1%
Total Americas	**-11.5%**	**0.9%**	**-0.9%**	**-11.5%**

Organic growth was slow overall for the Americas, at 0.9%. It was negatively impacted by the decline in the US, the region’s main market (-3.6%), which was affected by the ongoing weakness in the performance of top franchises SKYY and Wild Turkey, and by Jamaica, the second-largest market in the region.
The continuing weak performance of sales of SKYY and Wild Turkey is the result of a slowdown in shipments in the period, while depletion was positive, driven by a strong consumption performance.
Although the Jamaican market declined 8.0% overall in the first half-year, it recovered strongly in the second quarter (+17.4%), which also benefited from orders that had been postponed from the first quarter.
However, double-digit growth in Argentina, Brazil and other areas enabled the region to make up for part of this delay.

In the Americas region, changes by product category break down as follows:

	Percentage	First half 2014		First half 2013		% change
	of Group sales	€ million	%	€ million	%	2014 / 2013
Top 6 international franchises	21.2%	145.7	53.0%	162.0	52.1%	-10.1%
High potential brands	5.0%	34.5	12.5%	39.3	12.7%	-12.3%
Key local brands	4.9%	33.5	12.2%	38.8	12.5%	-13.7%
Agency brands	3.0%	20.8	7.6%	23.7	7.6%	-12.2%
Non-core activities	5.9%	40.6	14.8%	46.8	15.1%	-13.3%
Total	**40.1%**	**275.1**	**100.0%**	**310.7**	**100.0%**	**-11.5%**

Breakdown of % change	Total	Organic change	External change	Exchange rate effect
Top 6 international franchises	-10.1%	-0.3%	-	-9.8%
High potential brands	-12.3%	-3.7%	0.7%	-9.3%
Key local brands	-13.7%	1.2%	-	-14.9%
Agency brands	-12.2%	1.5%	1.3%	-15.0%
Non-core activities	-13.3%	8.2%	-7.0%	-14.5%
Total	**-11.5%**	**0.9%**	**-0.9%**	**-11.5%**

The **top 6 international franchises** were broadly stable compared with the previous year (-0.3%).
The performance of **SKYY**, which generates 85% of sales in the Americas, led to an overall organic decline of 4.5% in the region. The brand is still suffering from the sector's weak performances in the US, its main market, where it contracted by 7.1% (compared with a 5.9% decline in the second quarter). Conversely, sales in the other markets in the Americas region continued their positive trend overall. This was especially noticeable in Brazil and Argentina, which recorded growth of 25.4% and 244.4% respectively.
Looking at the breakdown between SKYY Vodka and the Infusions range in the US market, there were positive signs from SKYY Vodka, which made up part of its negative first-quarter performance, while the Infusions range, despite continuing to be well received by the market, saw a temporary slowdown in growth. As a result, organic growth was slightly positive in the first half-year. Consumption of the brand held up well in the US, in common with depletions, which increased despite the less favourable shipment trend.

The **Wild Turkey** franchise, which includes Wild Turkey straight bourbon and American Honey, is ranked second in the Group's sales in the Americas region, where the US generates nearly all of its turnover. During the first half-year, the important American market posted an organic decline of 8.5%, with Wild Turkey registering a loss of 9.6% and American Honey declining 6.2%. However, positive signs are coming from the market, where, in terms of depletion, the performances of the various products in the portfolio are undergoing positive rebalancing.

Sales of **Jamaican rums**, which mainly comprise Appleton and W&N White Overproof, declined by 15.8% overall in the Americas region in the first half. This was due to a period of adjustment in the main markets, where new marketing strategies are still being developed. Specifically, sales of products in the portfolio decreased in Jamaica and Canada, but increased in the US market.

The two franchises, **Campari** and **Aperol**, were in excellent health in nearly all the markets in the Americas region, growing overall by 36.7% and 320.5% respectively, due to the positive trend in consumption and the ongoing recruitment of new consumers. Campari, in particular, recorded excellent performances in Brazil and Argentina, which are the brand's second- and fifth-largest markets at global level, with organic growth of 26.0% and 111.9% respectively in the first half-year. Aperol achieves nearly all its organic growth for the region in the US market, where aperitifs and Italian speciality drinks are currently very popular.

The **Cinzano** franchise also grew in the Americas region, by 33.8%, mainly due to the double-digit growth of Cinzano vermouth in Argentina (the brand's largest market at global level), but also to the positive performance of Cinzano sparkling wines in the US.

High potential brands decreased by 3.7% in the Americas region, mainly due to the decline of Frangelico and X-Rated in the US (the largest market for both brands at global level), which was only partially offset by the good performances of Tequila Espolòn (double-digit growth in the US) and Carolans.

Key brands put in a positive performance of 1.2% overall, driven by the good performance, among the Brazilian brands, of **Dreher**, which continues to achieve excellent results (+15.4%) in Brazil.

It should be noted that growth in **non-core** business in the Americas region in the first half was mainly due to the sale of the non-core business in Jamaica.

- **Italy**

In Italy, which is ranked first in the Group's markets with 28.3% of consolidated sales, organic growth was 8.7% in the first half; in the second quarter, this market achieved growth of 11.2%. In comparison with the previous year, it should be noted that the introduction in 2013 of new legislative provisions on payments had led to a considerable disparity between sales volumes in the first two quarters of that year, which were gradually smoothed out over subsequent quarters.

Performances of the various product categories break down as follows:

	Percentage	First half 2014		First half 2013		% change
	of Group sales	€ million	%	€ million	%	2014 / 2013
Top 6 international franchises	10.1%	69.3	35.7%	64.2	35.8%	7.9%
High potential brands	2.3%	15.9	8.2%	15.6	8.7%	2.0%
Key local brands	12.8%	87.9	45.3%	76.8	42.8%	14.5%
Agency brands	2.9%	19.6	10.1%	21.1	11.8%	-7.0%
Non-core activities	0.2%	1.3	0.7%	1.6	0.9%	-19.2%
Total	**28.3%**	**194.0**	**100.0%**	**179.3**	**100.0%**	**8.2%**

Breakdown of % change	Total	Organic change	External change	Exchange rate effect
Top 6 international franchises	7.9%	7.9%	-	-
High potential brands	2.0%	2.0%	-	-
Key local brands	14.5%	14.5%	-	-
Agency brands	-7.0%	-3.2%	-3.8%	-
Non-core activities	-19.2%	-17.6%	-	-1.6%
Total	**8.2%**	**8.7%**	**-0.4%**	**0.0%**

The **top 6 international franchises** registered organic growth of 7.9%, benefiting from the excellent performance of **Aperol**, which closed the first half with 12.5% growth, while **Campari** slowed temporarily (-4.7%).

The **high potential brands** grew by 2.0%, driven by the good performance of **still wines** (Sella&Mosca, Teruzzi&Puthod and Serafino).

Of the **key local brands**, the single-serving **Campari Soda** and **Crodino** aperitifs segment posted an excellent performance (10.1% and 33.6% respectively). The increase in Crodino sales was partly the result of new product Crodino Twist, which commenced distribution at the end of January 2014 and was very positively received by both the on-trade and off-trade channels. The **Lemonsoda** range of drinks closed the period very positively, with growth of 6.5%.

- **Rest of Europe**

Organic growth of 2.2% in the Rest of Europe breaks down into the following main markets:

	Percentage	First half 2014		First half 2013		% change
	of Group sales	€ million	%	€ million	%	2014 / 2013
Germany	9.9%	67.9	45.9%	66.1	46.0%	2.7%
Russia	2.4%	16.2	10.9%	21.4	14.8%	-24.4%
Other countries	9.3%	63.9	43.2%	56.4	39.2%	13.4%
Total Rest of Europe	**21.6%**	**148.0**	**100.0%**	**143.8**	**100.0%**	**2.9%**

Breakdown of % change	Total	Organic change	External change	Exchange rate effect
Germany	2.7%	-6.0%	8.8%	-0.1%
Russia	-24.4%	0.3%	-11.2%	-13.4%
Other countries	13.4%	12.6%	1.3%	-0.4%
Total Rest of Europe	**2.9%**	**2.2%**	**2.9%**	**-2.2%**

The countries in the Rest of Europe, which account for 21.6% of consolidated sales, increased by 2.2% in the period, due to the recovery of some markets, such as Russia, which had shown signs of a sharp slowdown in the first quarter. Moreover, other core European markets that had been adversely affected by the late Easter holidays in the first quarter continued to record good performances, including France (+62.9%), Austria (+25.3%), Belgium (+12.5%) and Switzerland (+13.8%): together these performances helped limit the decline in the German market (-6.0%).

The main product categories in this area break down as follows:

	Percentage	First half 2014		First half 2013		% change
	of Group sales	€ million	%	€ million	%	2014 / 2013
Top 6 international franchises	12.0%	82.1	55.5%	85.7	59.6%	-4.2%
High potential brands	4.2%	28.6	19.3%	26.6	18.5%	7.5%
Key local brands	1.0%	6.6	4.5%	6.6	4.6%	0.2%
Agency brands	3.9%	26.9	18.2%	19.7	13.7%	36.6%
Non-core activities	0.6%	3.8	2.6%	5.3	3.7%	-27.7%
Total	**21.6%**	**148.0**	**100.0%**	**143.8**	**100.0%**	**2.9%**

Breakdown of % change	Total	Organic change	External change	Exchange rate effect
Top 6 international franchises	-4.2%	-2.6%	-	-1.7%
High potential brands	7.5%	13.1%	-	-5.6%
Key local brands	0.2%	11.4%	-7.8%	-3.4%
Agency brands	36.6%	2.0%	34.7%	-0.1%
Non-core activities	-27.7%	13.8%	-42.1%	0.6%
Total	**2.9%**	**2.2%**	**2.9%**	**-2.2%**

The **top 6 international franchises**, which account for more than half of the area's sales, declined by 2.6% in the first half, due to the unsatisfactory performance of Cinzano (-20.3%), which contracted by 31.6% and 7.1% respectively in its key markets of Germany and Russia. It should be noted that the delay seen in the Russian market in the first quarter was partly made up in the second quarter, with Cinzano sparkling wines recording 27.8% growth.
Campari and Aperol recorded growth of 3.6% and 10.0% respectively, due to the continuation of the development of Austria, France, Switzerland and Belgium, as well as many other countries in the region.

The **high potential brands** grew by 13.1%, driven by the positive performance of Riccadonna in Russia and France, and of Frangelico in nearly all European markets.

- **Rest of the world and duty-free**

The Rest of the world area, which includes the duty-free channel, posted organic growth of 7.7%, broken down as follows:

	Percentage	First half 2014		First half 2013		% change
	of Group sales	€ million	%	€ million	%	2014 / 2013
Australia	4.5%	30.9	44.8%	28.9	44.7%	6.9%
Other countries	5.5%	38.1	55.2%	35.8	55.3%	6.3%
Total Rest of the world	**10.1%**	**69.0**	**100.0%**	**64.7**	**100.0%**	**6.6%**

Breakdown of % change	Total	Organic change	External change	Exchange rate effect
Australia	6.9%	2.4%	18.3%	-13.8%
Other countries	6.3%	12.0%	0.8%	-6.5%
Total Rest of the world	**6.6%**	**7.7%**	**8.6%**	**-9.8%**

Australia recorded a positive performance in the first half-year on the back of a strong recovery in the second quarter (+9.7%), partly due to the effect of Easter. In terms of the other countries, noteworthy performances came from Nigeria (+111.5%) and South Africa (+15.0%), and from the whole duty-free channel, enabling the Group to make up for slower markets such as Japan and New Zealand.

Products break down as follows:

	Percentage	First half 2014		First half 2013		% change
	of Group sales	€ million	%	€ million	%	2014 / 2013
Top 6 international franchises	7.6%	52.2	75.7%	52.3	80.8%	-0.2%
High potential brands	1.1%	7.4	10.7%	8.3	12.8%	-10.9%
Key local brands	0.2%	1.5	2.1%	1.8	2.7%	-16.2%
Agency brands	0.2%	1.7	2.5%	1.2	1.8%	43.2%
Non-core activities	0.9%	6.2	9.0%	1.2	1.8%	424.8%
Total	**10.1%**	**69.0**	**100.0%**	**64.7**	**100.0%**	**6.6%**

Breakdown of % change	Total	Organic change	External change	Exchange rate effect
Top 6 international franchises	-0.2%	10.0%	-	-10.2%
High potential brands	-10.9%	-3.6%	-	-7.4%
Key local brands	-16.2%	-7.8%	-	-8.5%
Agency brands	43.2%	24.7%	25.3%	-6.8%
Non-core activities	424.8%	-7.2%	444.5%	-12.6%
Total	**6.6%**	**7.7%**	**8.6%**	**-9.8%**

The **top 6 international franchises**, which account for about 75% of the region's turnover, registered excellent organic growth of 10.0%, due to growth at **Campari** (+29.2%, driven by Nigeria), **SKYY** (+26.5%, in the South African and Chinese markets), and **Aperol** (+31.8%, particularly in the duty-free channel).
The **Wild Turkey** franchise grew 0.5% in the region, supported by the upturn in the Australian market, where the franchise grew by 0.8% in the first half due to a strong second-half recovery (+9.1%), partially eroded by its performance in Japan.

Sales by major brands at consolidated level

In addition to the information provided above on the performance of the individual regions, the following is a summary of first-half growth (organic and total) in the Group's main brands.

	Percentage of Group sales	Organic change	Total change
	%	%	%
Top 6 franchises			
Campari	10.5%	12.5%	5.3%
Aperol	11.4%	14.6%	14.1%
SKYY	10.3%	-2.6%	-7.6%
Wild Turkey	8.2%	-4.9%	-12.7%
Jamaican rums	5.7%	-4.4%	-14.5%
Cinzano	4.8%	-9.0%	-18.7%
High potential brands			
Carolans	1.5%	5.3%	-0.9%
Frangelico	1.3%	-5.3%	-10.6%
Tequila (Cabo Wabo and Espolòn)	1.8%	5.8%	0.5%
Scotch whisky (GlenGrant and Old Smuggler)	1.7%	2.3%	-10.4%
Other sparkling wines (Riccadonna and Mondoro)	1.7%	11.9%	-1.9%
Still wines (Sella&Mosca, Serafino and Teruzzi&Puthod)	1.7%	6.7%	6.4%
Key local brands			
Campari Soda	4.9%	10.5%	10.5%
Crodino	4.8%	31.9%	31.9%
Lemonsoda drinks	2.7%	9.2%	9.2%
Brazilian brands (Dreher, Drury's and Old Eight)	2.5%	9.4%	-7.3%

Campari, which accounts for about 10% of the consolidated sales of the Group's top 6 franchises, contributed 12.5% of organic growth in the first half. This was generated by all regions apart from Italy, which registered a slowdown (-4.7%).
Growth in the Americas was 36.7%, due in the main to Brazil and Argentina, while the Rest of Europe and Rest of the world regions grew, respectively, 3.6% (in particular as a result of good performances by France and Austria) and 29.2% (on the back of continued growth in new markets, especially Nigeria).

Aperol, which accounts for about 11% of consolidated sales, registered organic growth of 14.6% overall. In particular, the Americas grew 320.5% due to successful trading in the US, Italy 12.5%, the Rest of Europe 10.0% (with contributions from many countries in Central Europe), and the Rest of the world 31.8% (due to the duty-free channel).

The **SKYY** franchise, which accounts for about 10% of Group sales, closed the first half with an organic contraction of 2.6%, caused by lower sales in the Americas (-4.5% overall; US -7.1%), which was only partially offset by the excellent performance in the other markets in the Americas, particularly Brazil and Argentina, and by strong growth in the Rest of the world (+26.5%), especially in China and South Africa. In the US, positive signals came from the healthy resilience of consumption and growth in depletions.

The **Wild Turkey** franchise experienced an organic contraction of 4.9%, to which the largest market of the Americas contributed with a decrease of 8.1%, attributable to the main market of the US (-8.5%), where, however, depletion and consumption are growing.
All other regions made positive contributions, and the Rest of the world and duty free, which is the franchise's second-largest region, closed the first-quarter gap with support from a recovery in Australia.

The Jamaican rums, **Appleton Estate, W&N White Overproof and Coruba**, declined 4.4% overall on an organic basis. However, the franchise registered a positive performance in the second quarter (+5.5%), making up some of the ground lost in the first quarter, mainly as a result of Easter falling late.

The **Cinzano** franchise registered a contraction of 9.0% in organic sales in the first half-year, which, with a number of markets staging a good recovery in the second quarter, was an improvement on the first quarter.

The first-half decline was due to the contraction in the Rest of Europe (-20.3%) and the Rest of the world (-9.9%), and was only partially offset by growth in the Americas (+33.8%) and Italy (8.8%). As already stated, the Rest of Europe was affected by the contraction in Germany, while the Russian market made up some of the ground lost in March with strong growth in Cinzano sparkling wines.

Among the **high potential brands**, **Carolans** grew by 5.3% overall, with especially good growth in the Americas of 5.0%, mainly driven by the important Canadian market.

Cabo Wabo and **Espolòn** tequilas grew 5.8% overall, due to the contribution of Espolòn in all regions, but particularly its main market of the US, where growth was 33.2%. Cabo Wabo lost 14.7% in the same period, mainly in the US market.

GlenGrant registered growth of 0.5%, mainly as the result of good performances by France and South Africa and higher sales in the duty-free channel, but this was partly offset by a contraction in the Italian market caused by weakness in whisky.

Frangelico, which declined by 5.3% on a consolidated basis, decreased in the Americas (due to weakness in the US), with the European and Australian markets partially making up the lost ground.

In terms of **key local brands**, growth of Campari Soda, Crodino, Lemonsoda drinks and the Brazilian brands was generated in the Italian and Brazilian markets. For more details, please see the comments on the individual regions in the section above.

Income statement

The Group's financial results for the first half of 2014 showed an overall decline of 1.8% in sales and a decrease of 0.8% in its operating result before non-recurring components. However, profitability improved slightly, from 17.9% in 2013 to 18.1% in 2014.

Excluding perimeter effects, which were marginal in the first half-year, and exchange rate fluctuations, which, in contrast, led to a substantial contraction in sales (6.5%) and in the result from recurring activities (5.8%), organic growth was particularly satisfactory at 3.8% for sales and 4.6% for the result from recurring activities.

As described extensively in the previous section, the delay in the first three months, which led to a contraction, at organic level, of 3% in sales and of 13.0% in the result from recurring activities, was made up in the second quarter. The second quarter alone therefore experienced very positive organic growth of 9.4% for sales and 15.4% for the result from recurring activities.

The table below shows the income statement for the first half of the year and a breakdown of the total change by organic growth, external growth and exchange rate effects.

	First half 2014		First half 2013		Total	of which		
					change	organic	external	forex
	€ million	%	€ million	%	%	%	%	%
Net sales	**686.1**	**100.0**	**698.6**	**100.0**	**-1.8%**	**3.8%**	**0.9%**	**-6.5%**
Cost of goods sold after distribution costs	(320.6)	-46.7	(325.2)	-46.6	-1.4%	4.2%	1.6%	-7.2%
Gross profit after distribution costs	**365.5**	**53.3**	**373.4**	**53.4**	**-2.1%**	**3.4%**	**0.3%**	**-5.9%**
Advertising and promotional costs	(111.7)	-16.3	(115.4)	-16.5	-3.2%	1.9%	0.1%	-5.2%
Contribution margin	**253.8**	**37.0**	**258.0**	**36.9**	**-1.6%**	**4.1%**	**0.4%**	**-6.1%**
Overheads	(129.4)	-18.9	(132.6)	-19.0	-2.4%	3.7%	0.3%	-6.4%
Result from recurring activities	**124.4**	**18.1**	**125.4**	**17.9**	**-0.8%**	**4.6%**	**0.4%**	**-5.8%**
Non-recurring income (charges)	(3.2)	-0.5	(4.9)	-0.7	-34.9%			
Operating result	**121.2**	**17.7**	**120.5**	**17.3**	**0.6%**			
Net financial income (charges)	(29.2)	-4.3	(28.3)	-4.0	3.2%	-	-	-
Non-recurring financial income (charges)	(0.7)	-0.1	(0.1)	-	-	-	-	-
Profit before tax and non-controlling interests	**91.3**	**13.3**	**92.2**	**13.2**	**-0.9%**	**-**	**-**	**-**
Taxes	(33.7)	-4.9	(34.3)	-4.9	-1.8%	-	-	-
Net profit	57.6	8.4	57.9	8.3	-0.4%	-	-	-
Non-controlling interests	(0.3)	0.0	(0.3)	0.0	4.6%	-	-	-
Group net profit	**57.3**	**8.4**	**57.6**	**8.2**	**-0.5%**	**-**	**-**	**-**
Total depreciation and amortisation	(18.8)	-2.7	(20.2)	-2.9	-7.0%	-4.0%	3.4%	-6.4%
EBITDA before non-recurring income and charges	**143.2**	**20.9**	**145.6**	**20.8**	**-1.6%**	**3.4%**	**0.8%**	**-5.9%**
EBITDA	**140.0**	**20.4**	**140.7**	**20.1**	**-0.5%**			

To supplement the information provided in the above table, the income statement for the first half of 2014 is analysed below on a same perimeter basis as for 2013. This removes the exchange rate and external growth effects and shows the change in both total and organic profitability, calculated in basis points, separately.

	First half 2014		First half 2013		Change in profitability	
	Same perimeter as 2013 (*)				Total	Organic
	€ million	%	€ million	%	basis points	basis points
Net sales	**725.1**	**100.0**	**698.6**	**100.0**		**-**
Cost of goods sold after distribution costs	(338.9)	-46.7	(325.2)	-46.6	-20	-20
Gross profit after distribution costs	**386.2**	**53.3**	**373.4**	**53.4**	**-20**	**-20**
Advertising and promotional costs	(117.6)	-16.2	(115.4)	-16.5	20	30
Contribution margin	**268.7**	**37.1**	**258.0**	**36.9**	**10**	**10**
Overheads	(137.5)	-19.0	(132.6)	-19.0	10	-
Result from recurring activities	**131.2**	**18.1**	**125.4**	**17.9**	**20**	**10**
Total depreciation and amortisation	(19.4)	-2.7	(20.2)	-2.9	20	20
EBITDA before non-recurring income and charges	**150.6**	**20.8**	**145.6**	**20.8**	**-**	**-10**

(*) Profitability for the first half of 2014 was recalculated on a same perimeter basis as 2013, excluding external growth and exchange rate effects for the period

Net sales for the first half of 2014 were € 686.1 million, a decrease of 1.8% on the first half of 2013. This change is due to contrasting effects: organic sales growth of 3.8% was completely offset by an unfavourable exchange rate effect of 6.5%. For more details on these effects and on sales by region, please refer to the section above.

Gross profit was € 365.5 million, a decrease of 2.1% compared with the first half of 2013.
Stripping out the external growth and exchange rate effects, gross profit for the organic part of the business grew by 3.4%.
This led to a slight dilution in profitability of 20 basis points. This was the result of contrasting effects in the various regions relating to the sales mix, in terms of both market and product, for the first half of the year. Dilution in the Americas region and the Rest of the world was almost completely offset by Italy and the Rest of Europe, which experienced significant profitability growth on the back of the positive sales mix and lower logistics and production costs. For a more detailed analysis of profitability, please refer to the section 'Profitability by business area' below.

Advertising and promotional costs were 16.3% as a percentage of sales in the first half of 2014 (16.2% on a same perimeter basis as the previous year), just slightly below the previous year's figure of 16.5%.

The **contribution margin** for the first half of 2014 was € 253.8 million, a decrease of 1.6% on the previous year.
Stripping out negative exchange rate effects of 6.1% and external growth effects of +0.4%, organic growth was 4.1%. Total and organic profitability therefore improved by 10 basis points compared with 2013.

Overheads decreased by 2.4% overall in the quarter, due to a positive exchange rate effect of 6.4%, which was partially offset by organic growth of 3.7%.
At organic level, therefore, overheads as a percentage of sales, at 19.0%, were unchanged in the two periods under comparison.

The **result from recurring activities** was € 124.4 million, a decrease of 0.8% compared with the same period of 2013. This represented a higher percentage of sales, at 18.1%, compared with 17.9% in the previous year, and led to an improvement in profitability of 10 basis points, due to:

- an overall dilution in the gross margin (20 basis points);
- a reduction in advertising and promotional costs (20 basis points);
- a reduction in overheads (10 basis points).

Net of the impact of external growth (+0.4%) and negative exchange rate differences (-5.8%), the result from recurring activities grew by 4.6% on an organic basis, and the organic increase in profitability was 10 basis points.

Non-recurring income and charges showed a net negative balance of € 3.2 million, compared with a net negative balance of € 4.9 million in the first half of 2013). The net negative balance in the first half of 2014 was mainly due to liabilities incurred for acquisitions, comprising legal and consultancy costs of € 1.5 million associated with the acquisitions of Forty Creek Distillery Ltd and Averna Group, and to restructuring costs of € 2.5 million; these were partially offset by miscellaneous net income of € 0.8 million.

The **operating result** for the first half of 2014 was € 121.2 million, an overall improvement of 0.6% on 2013.
In summary, ROS (return on sales, i.e. operating result as a percentage of net sales) was 17.7%, a slight increase on the 17.3% recorded in the previous year.

Depreciation and amortisation for the period totalled € 18.8 million, a 7.0% decrease on the first half of 2013, due to a significant exchange rate effect (-6.4%).
EBITDA before non-recurring income and charges decreased by 1.6% (a 3.4% increase at organic level) to € 143.2 million.
EBITDA decreased by 0.5% to € 140.0 million.

Net financial charges for the first half of 2014 stood at € 29.2 million, representing an increase of € 0.9 million on the € 28.3 million recorded in the same period of 2013.
Average debt for the period was € 927.8 million, compared with € 909.4 million in the first half of 2013. It should be noted that average debt includes the acquisitions made in the period (Forty Creek Distillery Ltd and Averna Group) for one month only, as both transactions closed at the beginning of June.
The average cost of debt for the first half of 2014, at 6.3%, was in line with the previous year. This cost includes the effects of a significant negative carry on interest generated by cash and cash equivalents, held partly to pay for the acquisitions in the period, compared with the interest paid on medium-/long-term debt.

Group profit before tax and non-controlling interests was € 91.3 million in the first half of 2014, down 0.9% on 2013.

Income taxes for the period were € 33.7 million, a decrease in absolute terms on the figure of € 34.3 million for the first half of 2013. This item also includes a component for deferred taxes (€ 11.0 million in 2014), in line with the figure for the first half of 2013, and reported for the purposes of cancelling out the effect of the tax-deductibility of amortisation on goodwill and brands permitted under local legislation. The total tax rate, i.e. including deferred taxes, fell from 37.2% in the first half of 2013 to 36.9% in the first half of 2014. Excluding the effect of the abovementioned deferred taxes, the rate fell from 25.3% in 2013 to 24.9% in 2014.

Non-controlling interests for the period were low, at € 0.3 million, and the same as in the previous year.

Group profit before tax was € 57.3 million in the first half of 2014, a decrease of 0.5% on the first half of 2013. Net profit as a percentage of sales was 8.4%, a slight increase on the 8.2% recorded in 2013.

Profitability by business area

In the half-year to 30 June 2014, the four regions identified by the Group as operating segments, i.e. the Americas, Italy, Rest of Europe and Rest of the world and duty free, contributed 35.5%, 37.8%, 18.5% and 8.2% respectively to the Group's operating result before non-recurring components.

A detailed analysis of sales and the operating result by segment in the two periods under comparison is shown below.

	First half 2014				First half 2013			
	Net sales	% of Group total	Result from recurring activities	% of Group total	Net sales	% of Group total	Result from recurring activities	% of Group total
	€ million	%	€ million	%	€ million	%	€ million	%
Americas	275.1	40.1%	44.2	35.5%	310.7	44.4%	55.2	44.1%
Italy	194.0	28.3%	47.0	37.8%	179.3	25.7%	35.7	28.5%
Rest of Europe	148.0	21.6%	23.0	18.5%	143.8	20.6%	22.4	17.8%
Rest of the world and duty-free	69.0	10.1%	10.2	8.2%	64.7	9.3%	12.0	9.6%
Total	**686.1**	**100.0%**	**124.4**	**100.0%**	**698.6**	**100.0%**	**125.4**	**100.0%**

The tables below show the income statement of each region and the effects that determined their profitability.

An income statement on a same perimeter basis as 2013, i.e. stripping out the exchange rate and external growth effects, is also shown for each area: this shows the change in each area's total and organic profitability.

Income statement-Americas

The Group's main markets in the Americas are the US, Jamaica, Brazil, Argentina and Canada, which together represent around 94% of the region's sales. The region experienced a decrease of 11.5% in sales, overall, while the result from recurring activities fell by 20.0%, as shown in the following tables.

	First half 2014		First half 2013		Total	of which		
					change	organic	external	forex
	€ million	%	€ million	%	%	%	%	%
Net sales	**275.1**	**100.0**	**310.7**	**100.0**	**-11.5%**	**0.9%**	**-0.9%**	**-11.5%**
Cost of goods sold after distribution costs	(143.0)	-52.0	(156.1)	-50.3	-8.4%	5.1%	-1.3%	-12.2%
Gross profit after distribution costs	**132.1**	**48.0**	**154.6**	**49.7**	**-14.6%**	**-3.3%**	**-0.4%**	**-10.8%**
Advertising and promotional costs	(40.2)	-14.6	(46.0)	-14.8	-12.7%	-3.3%	0.0%	-9.4%
Contribution margin	**91.9**	**33.4**	**108.6**	**34.9**	**-15.4%**	**-3.3%**	**-0.6%**	**-11.4%**
Overheads	(47.7)	-17.3	(53.4)	-17.2	-10.6%	1.8%	0.0%	-12.3%
Result from recurring activities	**44.2**	**16.1**	**55.2**	**17.8**	**-20.0%**	**-8.3%**	**-1.2%**	**-10.5%**

	First half 2014		First half 2013		Change in profitability	
	Same perimeter as 2013 (*)				Total	Organic
	€ million	%	€ million	%	basis points	basis points
Net sales	**313.5**	**100.0**	**310.7**	**100.0**		
Cost of goods sold after distribution costs	(164.1)	-52.3	(156.1)	-50.3	-170	-210
Gross profit after distribution costs	**149.4**	**47.7**	**154.6**	**49.7**	**-170**	**-210**
Advertising and promotional costs	(44.5)	-14.2	(46.0)	-14.8	20	60
Contribution margin	**105.0**	**33.5**	**108.6**	**34.9**	**-150**	**-150**
Overheads	(54.3)	-17.3	(53.4)	-17.2	-20	-10
Result from recurring activities	**50.7**	**16.2**	**55.2**	**17.8**	**-170**	**-160**

(*) Profitability for the first half of 2014 was recalculated on a same perimeter basis as 2013, excluding the external growth and exchange rate effects for the period.

Analysing the organic part of the business separately - i.e. stripping out the external component and the negative exchange rate effects - sales growth was 0.9%, while the result from recurring activities fell by 8.3%.

The gross margin fell by 3.3% from 49.7% in the first half of last year to 47.7% in 2014, a dilution of 210 basis points. This dilution is partly due to the gradual start-up of the Group's new bottling plant in Kentucky and the resulting costs of the external co-packing company (€ 2.8 million, or 90 basis points), which were still included in the income

statement for the first half of 2014. Moreover, the unfavourable geographical mix, with an increase in sales in less profitable countries such as Brazil and Argentina, and the unfavourable mix of brands, especially in the US, which was affected by weak shipments for the main brands, contributed to the rest of the decrease (120 basis points) in profitability.
Also on an organic basis, advertising costs decreased by 3.3% to 14.2% of sales due to a phasing effect relating to the second half of the year. This was slightly lower than last year (14.8%), enabling a slight improvement in profitability at contribution margin level, which showed organic dilution of 150 basis points.
Overheads increased by 1.8%, and, as a percentage of sales, are in line with 2013.
In summary, the region's profitability at organic level (result from recurring activities) decreased by 160 basis points, from 17.8% in the first half of 2013 to 16.2% in 2014.

In terms of the external component, net sales decreased by -0.9% and the result from recurring activities by -1.2%, due to the termination of some distribution agreements, including Kimberly Clark in Jamaica and other third-party brands in the US. Moreover, it should be noted that the acquisition of Forty Creek Distillery Ltd. is not shown in the external change for the period, as the transaction was closed in the last month of the half-year.

Income statement-Italy

Italy is the Group's second-largest region in terms of sales after the Americas region, and is ranked first for profitability, with a contribution of 37.8% to the Group's result. Changes during the first half of 2014 break down as follows:

	First half 2014		First half 2013		Total	of which		
					change	organic	external	forex
	€ million	%	€ million	%	%	%	%	%
Net sales	**194.0**	**100.0**	**179.3**	**100.0**	**8.2%**	**8.7%**	**-0.4%**	**0.0%**
Cost of goods sold after distribution costs	(73.9)	-38.1	(72.2)	-40.3	2.3%	3.1%	-0.6%	-0.2%
Gross profit after distribution costs	**120.2**	**61.9**	**107.1**	**59.7**	**12.2%**	**12.5%**	**-0.3%**	**0.1%**
Advertising and promotional costs	(29.3)	-15.1	(27.5)	-15.3	6.7%	6.7%	0.0%	0.0%
Contribution margin	**90.9**	**46.8**	**79.6**	**44.4**	**14.2%**	**14.5%**	**-0.4%**	**0.1%**
Overheads	(43.9)	-22.6	(43.9)	-24.5	0.0%	0.0%	0.0%	0.0%
Result from recurring activities	**47.0**	**24.2**	**35.7**	**19.9**	**31.6%**	**32.3%**	**-1.0%**	**0.2%**

	First half 2014		First half 2013		Change in profitability	
	Same perimeter as 2013 (*)				Total	Organic
	€ million	%	€ million	%	basis points	basis points
Net sales	**194.9**	**100.0**	**179.3**	**100.0**		
Cost of goods sold after distribution costs	(74.4)	-38.2	(72.2)	-40.3	220	210
Gross profit after distribution costs	**120.4**	**61.8**	**107.1**	**59.7**	**220**	**210**
Advertising and promotional costs	(29.3)	-15.0	(27.5)	-15.3	20	30
Contribution margin	**91.1**	**46.8**	**79.6**	**44.4**	**240**	**240**
Overheads	(43.9)	-22.5	(43.9)	-24.5	190	200
Result from recurring activities	**47.3**	**24.3**	**35.7**	**19.9**	**430**	**430**

(*) Profitability for the first half of 2014 was recalculated on a same perimeter basis as 2013, excluding the external growth and exchange rate effects for the period.

In organic terms, Italy's sales and result from recurring activities increased by 8.7% and 32.3% respectively.

Gross profit after distribution costs improved by 12.5% at organic level, while profitability improved by 210 basis points due to higher sales volumes, the positive sales mix and the ongoing policy to reduce the fixed costs of production and logistics.
At 15% of sales, in organic terms, advertising and promotional investment was slightly lower than in the previous year (15.3%) and lower than the organic change in sales (+8.2%), which grew more quickly than advertising investment. It should be noted that the ratio was particularly high in 2013 as a result of the destocking effect noted on the Italian market, which heavily penalised sales in the period.
Overheads were also broadly in line with last year overall; as a percentage of sales, therefore, they fell from 24.5% in 2013 to 22.5% in 2014.

As a result, profitability improved considerably; the result from recurring activities improved by 430 basis points, from 19.9% in 2013 to 24.3% in 2014.

As regards the external component, net sales declined by 0.4% and the result from recurring activities by 1.0%, due to the termination of some distribution agreements. Moreover, it should be noted that the acquisition of Averna Group is not shown in the external change for the period, as the transaction was closed in the last month of the half-year.

Income statement-Rest of Europe

The Group's main markets in this region are Germany and Russia; directly controlled, they represent 57% of the region's sales; the other significant markets are Switzerland, Austria, Belgium, Ukraine and, recently, the UK and Spain, while France is covered by a third-party distributor.
The region's sales grew by 2.9% and its result from recurring activities by 2.8% overall. The changes break down as follows:

	First half 2014		First half 2013		Total	of which		
					change	organic	external	forex
	€ million	%	€ million	%	%	%	%	%
Net sales	**148.0**	**100.0**	**143.8**	**100.0**	**2.9%**	**2.2%**	**2.9%**	**-2.2%**
Cost of goods sold after distribution costs	(71.6)	-48.4	(69.7)	-48.5	2.8%	1.0%	4.5%	-2.7%
Gross profit after distribution costs	**76.3**	**51.6**	**74.1**	**51.5**	**3.0%**	**3.3%**	**1.4%**	**-1.7%**
Advertising and promotional costs	(28.1)	-19.0	(28.8)	-20.0	-2.3%	-0.2%	0.3%	-2.4%
Contribution margin	**48.2**	**32.6**	**45.4**	**31.6**	**6.3%**	**5.5%**	**2.0%**	**-1.2%**
Overheads	(25.3)	-17.1	(23.0)	-16.0	9.7%	11.9%	0.0%	-2.2%
Result from recurring activities	**23.0**	**15.5**	**22.4**	**15.6**	**2.8%**	**-1.1%**	**4.1%**	**-0.2%**

	First half 2014		First half 2013		Change in profitability	
	Same perimeter as 2013 (*)				Total	Organic
	€ million	%	€ million	%	basis points	basis points
Net sales	**147.0**	**100.0**	**143.8**	**100.0**		
Cost of goods sold after distribution costs	(70.4)	-47.9	(69.7)	-48.5	-	60
Gross profit after distribution costs	**76.6**	**52.1**	**74.1**	**51.5**	**-**	**60**
Advertising and promotional costs	(28.7)	-19.5	(28.8)	-20.0	100	50
Contribution margin	**47.9**	**32.6**	**45.4**	**31.6**	**110**	**100**
Overheads	(25.8)	-17.5	(23.0)	-16.0	-110	-150
Result from recurring activities	**22.1**	**15.1**	**22.4**	**15.6**	**-**	**-50**

(*) Profitability for the first half of 2014 was recalculated on a same perimeter basis as 2013, excluding the external growth and exchange rate effects for the period.

Overall, the region's financial performance in the first half of 2014 was satisfactory. Sales for the organic part of the region's business grew by 2.2%.
As a result of the positive mix of products, with Campari and Aperol experiencing growth in many markets, the gross margin increased by 3.3% at organic level, while profitability at gross margin level improved by 60 basis points, rising from 51.5% in 2013 to 52.1% in 2014.
Spending on advertising and promotions was broadly stable, as a result of greater pressure in some Western European markets (Spain, the UK and France), which was partially offset by lower costs in Germany.
Overheads in the area, however, showed an organic increase of 11.9% and include the development of new sales organisation in Spain, as well as the upgrade of the existing premises in Russia.

In summary, the result from recurring activities in the Rest of Europe showed an organic decline of 1.1% in the first half of 2014, diluting the result from recurring activities by 50 basis points. Final profitability therefore fell from 15.6% in 2013 to 15.1% in 2014.

As regards the external component, net sales increased by 2.9% and the result from recurring activities by 4.1%, due to the launch of distribution agreements, including the portfolio of Willam Grant&Sons in Germany on 1 July 2013 and Bulldog gin on 1 January 2014.

Income statement-Rest of the world and duty-free

The Rest of the world and duty-free is the smallest of the Group's regions, representing just over 10% of the total. The five main markets are Australia, Japan, China, New Zealand and the duty free channel, and account for around 85% of the region's total sales. New markets in the region, such as South Africa and Nigeria, are steadily increasing their contribution.
Overall, the region's sales increased by 6.6%, while profitability decreased by 15.6%; a breakdown is shown below:

	First half 2014		First half 2013		Total	of which		
					change	organic	external	forex
	€ million	%	€ million	%	%	%	%	%
Net sales	**69.0**	**100.0**	**64.7**	**100.0**	**6.6%**	**7.7%**	**8.6%**	**-9.8%**
Cost of goods sold after distribution costs	(32.1)	-46.5	(27.1)	-41.9	18.3%	10.3%	16.4%	-8.5%
Gross profit after distribution costs	**36.9**	**53.5**	**37.6**	**58.1**	**-1.8%**	**5.8%**	**3.0%**	**-10.7%**
Advertising and promotional costs	(14.1)	-20.5	(13.2)	-20.4	7.3%	14.7%	0.5%	-7.9%
Contribution margin	**22.8**	**33.0**	**24.4**	**37.7**	**-6.8%**	**1.1%**	**4.3%**	**-12.2%**
Overheads	(12.6)	-18.3	(12.4)	-19.1	1.7%	9.7%	3.8%	-11.8%
Result from recurring activities	**10.2**	**14.7**	**12.0**	**18.6**	**-15.6%**	**-7.8%**	**4.8%**	**-12.5%**

	First half 2014		First half 2013		Change in profitability	
	Same perimeter as 2013 (*)				Total	Organic
	€ million	%	€ million	%	basis points	basis points
Net sales	**69.7**	**100.0**	**64.7**	**100.0**		
Cost of goods sold after distribution costs	(30.0)	-42.9	(27.1)	-41.9	-460	-100
Gross profit after distribution costs	**39.8**	**57.1**	**37.6**	**58.1**	**-460**	**-100**
Advertising and promotional costs	(15.1)	-21.7	(13.2)	-20.4	-10	-130
Contribution margin	**24.7**	**35.4**	**24.4**	**37.7**	**-470**	**-230**
Overheads	(13.6)	-19.5	(12.4)	-19.1	90	-40
Result from recurring activities	**11.1**	**15.9**	**12.0**	**18.6**	**-390**	**-270**

(*) Profitability for the first half of 2014 was recalculated on a same perimeter basis as 2013, excluding the external growth and exchange rate effects for the period.

Analysing the organic part of the business separately, the first half of the year was positive in terms of sales (+7.7%), although the gross margin was eroded by 100 basis points. At 30 June 2014, the gross margin was 57.1%, compared with 58.1% in 2013.
The erosion of the gross margin is due to the mix of sales and the different business regions, which partially penalised the region's performance. Specifically, the profitability of Wild Turkey, the largest of the top 6 franchises in the region, was adversely affected by the ready-to-drink market, which has lower profit margins than Wild Turkey straight bourbon, and which grew more rapidly than the rest of the portfolio.
Advertising costs and overheads also had a negative impact on final profitability, increasing by 14.7% and 9.7% respectively, at organic level; this was higher than sales growth due to the decision to invest in markets with high growth potential.

Consequently, the result from recurring activities in the Rest of the world and duty-free showed an organic decline of 7.8% in the first half of the year, which led to a dilution in the result from recurring activities of 270 basis points. Final profitability therefore fell from 18.6% in 2013 to 15.9% in 2014.

External growth in this region was almost entirely due to the Copack bottling business in Australia in September 2013. The acquired business diluted both the Group and the region's profitability, leading to an increase in the region's result from recurring activities of only 4.8% compared with sales growth of 8.6%, diluted by approximately 300 basis points.
Consequently, the region's overall profitability, which also includes the effects of organic dilution and the positive exchange rate impact, was diluted by 390 basis points.

Financial situation

Statement of cash flows

The table below shows a simplified and restated version of the statement of cash flows in the financial statements. The main restatement is the exclusion of cash flows relating to changes in short-term and long-term debt, and in investments in marketable securities: in this way, the total cash flow generated (or used) in the period corresponds to the change in net debt.

	30 June 2014	30 June 2013	Change
	€ million	€ million	€ million
EBITDA	**140.0**	**140.7**	**(0.7)**
Other non-cash items	3.6	7.6	(3.9)
Changes in non-financial assets and liabilities	4.1	(8.4)	12.5
Taxes paid	(21.6)	(40.6)	18.9
Cash flow from operating activities before changes in working capital	**126.1**	**99.3**	**26.8**
Change in net operating working capital	(48.8)	(27.0)	(21.8)
Cash flow from operating activities	**77.3**	**72.3**	**5.0**
Net interest paid	(10.7)	(10.3)	(0.4)
Cash flow used for investment	(13.7)	(36.0)	22.3
Free cash flow	**52.9**	**26.0**	**26.9**
Business combinations	(217.9)	-	(217.9)
Payables arising from business combinations	(19.4)	-	(19.4)
Sales and purchases of brands and payment rights for put options and earn-outs	(4.3)	(14.1)	9.9
Dividend paid out by Parent Company	(46.1)	(39.8)	(6.2)
Other changes	1.5	(42.0)	43.5
Total cash flow used in other activities	**(286.1)**	**(96.0)**	**(190.2)**
Exchange rate differences and other changes	(13.0)	(7.5)	(5.5)
Change in net debt due to operating activities	(246.3)	(77.5)	(168.8)
Change in payables for the exercise of put options and earn-out payments (*)	(0.1)	2.9	(3.0)
Total net cash flow for the period	**(246.4)**	**(74.6)**	**(171.8)**
Net debt at the start of the period	(852.8)	(869.7)	16.9
Net debt at the end of the period	(1,099.1)	(944.3)	(154.8)

(*) This item, which is a non-cash item, is included in order to reconcile the change in net debt due to operating activities with the overall change in the net financial position.

Free cash flow in the first half of 2014 was € 52.9 million: cash flow from operating activities was € 77.3 million, which was partially offset by the payment of net financial interest of € 10.7 million and net investment of € 13.7 million.
A comparison of free cash flow with the figure a year earlier (€ 26.0 million) shows some contrasting factors that led to greater cash generation, totalling € 26.9 million.

- EBITDA decreased slightly by € 0.7 million compared with 2013
- Other non-cash items and changes in non-cash financial assets and liabilities led to a decrease of € 3.9 million and an increase of € 12.5 million respectively, compared with the previous year.
- Income tax paid decreased by € 18.9 million in the first half, producing a positive effect on free cash flow, as a result of both the change in payments on account in the first half of 2014 compared with 2013 and the use by some Group companies of tax credits to offset payments made in the period, which had not therefore generated a corresponding cash outflow.
- Working capital showed an organic decrease of € 48.8 million, which reduced free cash flow by € 21.8 million compared with 2013. (see the next section, 'Operating working capital' for more details on this item).
- Net interest paid was slightly higher than 2013, by € 0.4 million.
- Investment spending was € 22.3 million lower than the same period of the previous year, as first-half spending in 2014 related mainly to the maintenance of existing fixed assets. With reference to investment in extraordinary projects, the new bottling plants were completed during 2013, while investment in extraordinary projects for 2014 is expected to commence in the second half of the year.

Cash flow used in other activities was € 286.1 million, compared with € 96.0 million in the first half of 2013, generating a greater cash requirement of € 190.2 million.

In 2014, the largest item relates to the cost of companies acquired during the period, Forty Creek Distillery Ltd. and Averna Group, which had the following impact on the financial position:

- The price paid at the closing of both transactions, which were completed in June 2014, totalled € 217.9 million (€ 119.9 million for Forty Creek Distillery Ltd. and € 98.0 million for Averna Group).
- Acquisition-related payables of € 19.4 million (€ 13.7 million for Forty Creek Distillery Ltd. and € 5.7 million for Averna Group) are shown separately.

In summary, the total cost of the acquisitions, including acquired residual payables and net debt, was € 237.3 million (of which € 133.6 million relates to Forty Creek Distillery Ltd. and € 103.7 million to Averna Group).
The other businesses also generated a cash requirement due to the dividend of € 46.1 million paid by the Parent Company.
The 'other changes' item includes payments for the purchase of own shares, net of sales for the exercise of stock options. In 2013, this net amount was significant and involved a net cash outflow of € 42.0 million; in 2014, the net impact on cash was positive at € 1.3 million.

Exchange rate differences and **other changes** had a negative impact of € 13.0 million on the net flow in the first half of 2014. Part of this change was due to exchange rate effects on operating working capital (€ -0.9 million) and on shareholders' equity in other currencies (€ -3.3 million).
The remaining part of the change, amounting to € 8.8 million, was due to the recording of certain non-cash items under that item, which were included for the sole purpose of reconciling the change in cash flows to the change in net financial position, such as accrued interest on medium-/long-term loans that has not yet been paid.

The change in **financial payables relating to the future settlement of put options and earn outs**, shown here purely for the purposes of reconciling the financial position for the period with the total net financial position, has not changed significantly from 2013; the decrease due to payments made in the period, of € 0.2 million, was offset by an increase of € 0.3 million in debt, due to exchange rate differences in the period.

To conclude, **a net cash flow of € 246.4 million** had been absorbed at 30 June 2014, corresponding to the increase in Group financial debt compared with 31 December 2013.

Breakdown of net debt

At 30 June 2014, net debt stood € 1,099.1 million, an increase of € 246.4 million on the figure of € 852.8 million recorded at 31 December 2013.
The main cash inflows and outflows giving rise to the change in debt in the period have been analysed in the previous section entitled "Cash flow statement".
The table below shows how the debt structure changed between the beginning and end of the period.

	30 June 2014 € million	31 December 2013 € million	Change
Cash and cash equivalents	272.8	444.2	(171.4)
Payables to banks	(175.6)	(122.3)	(53.4)
Real estate lease payables	(0.1)	-)	(0.1)
Short-term portion of private placement	-	(28.9)	28.9
Other financial receivables and payables	(30.3)	18.9	(49.2)
Short-term net cash position	**66.8**	**311.9**	**(245.2)**
Payables to banks	(14.8)	(0.6)	(14.2)
Real estate lease payables	(1.3)	(1.3)	-
Private placement and bond	(1,170.0)	(1,167.7)	(2.2)
Other financial receivables and payables	25.0	9.6	15.3
Medium-/long-term net debt	**(1,161.1)**	**(1,159.9)**	**(1.2)**
Debt relating to operating activities	**(1,094.3)**	**(848.0)**	**(246.3)**
Payables for put options and earn-out	(4.8)	(4.8)	(0.1)
Net debt	**(1,099.1)**	**(852.8)**	**(246.4)**

The increase in debt in the six months was due to two acquisitions completed in the period: Forty Creek Distillery Ltd. and Averna Group. These were settled in June 2014 for a total cash amount of € 217.9 million.

In relation to the acquisition of Forty Creek Distillery Ltd., it should be noted that other short-term financial payables include the outstanding amount of € 6.4 million to be paid to the vendors.
Debt at the end of the period also includes the net financial position of both companies at the acquisition date, amounting to € 5.6 million (€ 5.7 million of which relates to Averna Group), divided between cash and cash equivalents (€ 32.2 million), short-term bank loans (€ 25.7 million), medium-/long-term bank loans (€ 14.2 million), lease payables (€ 1.4 million) and other short-term financial receivables (€ 3.5 million).
Current tax payables relating to income tax of € 7.5 million were also recorded in respect of the Forty Creek Distillery Ltd. acquisition. This amount is not included in the Group's financial position as it is a purely fiscal item.
The total cost of the two acquisitions, including the net debt acquired and residual financial and tax payables, was € 237.3 million.
Among other changes in short-term debt items, the first tranche (USD 40 million) of the private placement issued by Campari America in 2009, was settled. The remaining tranches of the private placement and the bond loans placed by the Parent Company have all been categorised as medium-/long-term liabilities, as they will mature more than 12 months after the reporting date.
Currency fluctuations between the two dates under comparison did not give rise to material exchange rate effects in the change in consolidated net debt between 31 December 2013 and 30 June 2014.
Furthermore, the Group's net debt shows a financial payable of € 4.8 million that includes the residual payable for the Sagatiba earn-out and the purchase of non-controlling interests in relation to the Jamaican acquisition. The changes in the period were fully offset, and include a decrease relating to a payment of € 0.2 million and an increase relating to exchange rate effects of € 0.3 million.

Group statement of financial position

The table below is the consolidated Group balance sheet, reclassified and summarised to highlight the structure of invested capital and financing sources.

	30 June 2014 € million	31 December 2013 € million	Change € million
Fixed assets	2,227.1	1,998.7	228.5
Other non-current assets and liabilities	(244.0)	(213.4)	(30.6)
Operating working capital	617.5	537.5	80.0
Other current assets and liabilities	(87.9)	(73.9)	(14.0)
Total invested capital	2,512.7	2,248.9	263.8
Shareholders' equity	1,413.6	1,396.1	17.5
Net debt	1,099.1	852.8	246.4
Total financing sources	2,512.7	2,248.9	263.8

Invested capital at 30 June 2014 was € 2,512.7 million, € 263.8 million higher than at 31 December 2013.
This change mainly reflects the acquisitions of Forty Creek Distillery Ltd. and Averna Group. Overall the following items were recognised at first consolidation:

- fixed assets of € 231.4 million, including recognition of goodwill and trademarks for € 201.9 million;
- non-current liabilities, net of non-current assets, of € 29.8 million, including net deferred tax liabilities of € 20.6 million;
- operating working capital of € 32.3 million;
- other current liabilities, net of other current assets, of € 10.3 million, including income tax payables of € 7.5 million relating to the acquisition agreements for Forty Creek Distillery Ltd.

The acquisitions also entailed the assumption of financial payables of € 5.6 million, which are reflected in the financial position.
For more details on the figures recorded in relation to the acquisitions, please see note 6-Business combinations of the condensed half-year financial statements.
The Group's financial structure shows a ratio of debt to own funds at the end of the period of 77.7%, compared with 61.1% at 31 December 2013.

Operating working capital

Operating working capital at 30 June 2014 was € 617.5 million, representing an overall increase of € 80.0 million on 31 December 2013, as shown in the following table:

	30 June 2014	31 December 2013	Total change	30 June 2013	Total change
	€ million	€ million	€ million	€ million	€ million
Receivables from customers	312.9	288.5	24.3	282.6	30.2
Inventories	498.1	447.1	50.9	465.9	32.2
Payables to suppliers	(193.4)	(198.1)	4.7	(199.3)	6.0
Operating working capital	617.5	537.5	80.0	549.2	68.3
Sales in the previous 12 months	1.511.7	1.524.1	(12.5)	1.421.1	90.6
Working capital as % of sales in the previous 12 months	40.9	35.3		38.6	
Operating working capital as % of sales in the previous 12 months, adjusted for external growth (%)	38.7				

The breakdown of the total change by comparison with 31 December 2013, divided into exchange rate effects, external growth and organic change, is as follows:

Change in working capital from 31 December 2013 to 30 June 2014	Total change	of which:		
		Organic	External	Forex
	€ million	€ million	€ million	€ million
Receivables from customers	24.3	1.3	23.5	(0.5)
Inventories	50.9	27.8	22.2	0.9
Payables to suppliers	4.7	19.7	(15.5)	0.6
Operating working capital	80.0	48.8	30.2	0.9

External growth of € 30.2 million includes € 32.3 million for the acquisitions of Forty Creek Distillery Ltd. and Averna Group. The remainder relates to the deconsolidation of Odessa Sparkling Wine Company, which was sold in April 2014.

Excluding external growth and exchange rate effects, which were not material (+€ 0.9 million), the organic increase in working capital was € 48.8 million.

Specifically, at the end of the half-year, trade receivables were largely in line with 31 December 2013 (+ € 1.3 million). The biggest part of the increase related to inventories and the reduction in payables to suppliers, which accounted for € 27.8 million and € 19.7 million respectively of the increase in working capital in the period.

It should be noted that inventories are historically higher at the end of June than at the start of the year. The organic increase also includes a one-off impact, of € 4.0 million relating to Campari America arising from the transition from outsourced bottling by co-packers to the new line at Lawrenceburg. This gave rise to early payment of excise duties on stocks of finished products acquired by the bottlers on termination of the relationship.

The remaining increase in inventories was partly due to maturing inventory, and partly to the Group's continuing expansion into new markets, resulting in a requirement for more stocks.

The decrease in payables to suppliers of € 19.7 million, at organic level, resulting in a corresponding increase in working capital, was due to seasonal factors; supplier balances are lower than in December, when provisions are very high before gradually being invoiced and paid during the first half of the year.

Working capital increased by € 68.3 million compared with the same period in 2013, but this includes a significant exchange rate effect, which reduced working capital by € 26.8 million. Stripping out exchange rate and external growth effects, organic growth in working capital was € 64.9 million.

Operating working capital as a percentage of net sales in the last 12 months was 40.9% at 30 June 2014. However, when the balance sheet data are adjusted for the effects of consolidating the acquired companies, which did not have a financial impact in the first half of the year, the percentage is reduced to 38.7%, compared with 35.3% at 31 December 2013, and therefore in line with the 38.6% in the same period last year.

Transactions with related parties

It should be noted that transactions with related parties, including intragroup transactions, are not classed as atypical or unusual, as they are part of the normal business of Group companies. These transactions are carried out under market conditions, taking into account the characteristics of the goods and services provided.
Information on transactions with related parties, including that required by the Consob Communication of 27 July 2006, is presented in note 32 of the condensed half-year financial statements at 30 June 2014.

Events taking place after the end of the period

Sale of Société Civile du Domaine de Lamargue and Lamargue S.a.r.l.

On 7 July 2014, an agreement was reached to sell two of the Group's manufacturing and commercial companies operating in the wines sector, Société Civile du Domaine de Lamargue and Lamargue S.a.r.l.
The deal was closed on 1 August 2014.
This transaction, which will not have material effects on the consolidated financial statements, is part of the ongoing rationalisation of the Group's structure and includes the sale of all the companies' assets except for the brand Lamargue for the Chinese market and for all products.

Launch of Wild Turkey Diamond

In July, the Group launched Wild Turkey Diamond, a limited edition of the Kentucky bourbon, to celebrate master distiller Jimmy Russell's 60th anniversary as manager of the Lawrenceburg distillery.

Outlook

On the back of a weak first quarter impacted by Easter timing, the expected robust recovery in organic sales in most key brand market combinations led to positive full first half 2014 results. In particular, the growth was driven by our aperitifs business, with Campari and Aperol as well as key local single serve brands performing strongly. Whilst the Cinzano and Appleton franchises recovered ground, SKYY and Wild Turkey shipments were soft due to temporary phasing issues in the US market which overshadowed the underlying positive depletion trends. With regards to the Group's key markets, Italy performed strongly in the first half, as did Latin America, driven by Brazil and Argentina. Importantly, a strong recovery in the second quarter was also achieved in Russia, Jamaica and Australia which helped partly offset weak shipments in other key markets, which were also partially driven by phasing issues caused by production and route to market start-ups. Moreover, the positive effect of the sales mix improvement achieved in the first half was more than offset by these start-ups' overlapping costs. Whilst these headwinds are likely to have a lag effect on the full year results, the Group remains confident that the overall positive organic sales trend will consolidate in the second half thanks to the normalisation of shipment trends across key markets. Looking forward, the Group expects to continue strengthening the momentum of our key brand market combinations thanks to our strengthened route to market as well as impactful marketing initiatives, including restylings, innovation and premiumisation.

Information on the figures presented

For ease of reference, all figures in this interim report, in both the interim report on operations and the condensed half-year financial statements, are expressed in millions of Euro to one decimal place, whereas the original data is recorded and consolidated by the Group in thousands of Euro.
Similarly, all percentages that relate to changes between two periods, rather than figures shown as a percentage of sales or other indicators, are always calculated on the basis of the original data in thousands of Euro.
The use of values expressed in millions of Euro may therefore result in apparent discrepancies in both absolute values and percentage changes.

Alternative performance indicators

This half-year report presents and comments upon certain financial indicators and restated financial statements (relating to the statement of financial position and statement of cash flows) that are not defined by the IFRS.
These indicators, which are defined as they were in the 2013 annual report, are used to analyse the Group's performance in the 'Highlights' and 'Interim report on operations' sections.

Investor information

Global economy

After a setback in the first few months of the year, the expansion of global economic activity signalled a recovery in the first half of 2014, albeit of moderate and varied intensity in the main regions. The recovery remains uncertain and burdened by growing geopolitical tension.
With regard to economic performance in the key areas for Gruppo Campari's activities, the Italian economy has yet to show any signs of recovery, although business confidence is growing. The main support for GDP is still coming from foreign trade, although initial signs have emerged of an improvement in some of the components of domestic demand. The ongoing weakness in activity is still reflected in price growth, with inflation at historical lows. Household consumption increased slightly at the start of the year, and the latest economic indicators suggest it has stabilised in recent months. During the same period, disposable income continued to stagnate in both real and nominal terms, and the propensity of households to save has remained virtually unchanged since the second half of 2013. Looking forward, economic indicators are also showing a still uncertain picture for household consumption. GDP in Italy decreased by 0.1% in the first quarter of 2014, compared with the previous period, and is forecast to be flat in the second quarter (source: Bank of Italy).
The Eurozone's recovery has continued, although it is moderate and uneven with very low inflation and corporate lending in decline. In June, the Governing Council of the ECB loosened monetary policy a notch further, through a combination of cuts to the official rates and unconventional measures directed, in particular, at easing the flow of credit to the economy. In the first quarter of 2014, Eurozone GDP continued to expand, up 0.2% on the previous period. Economic activity in Germany has soared on the back of a sharp rise in consumption and capital accumulation, but GDP has stagnated in France, hampered in particular by the negative contribution of net foreign demand. Based on the information available, economic activity in the second quarter was virtually flat (source: Bank of Italy).
With regard to the other international markets, first-quarter GDP in the US contracted for the first time since 2010 (-2.9%), with temporary factors causing a very negative contribution from inventories and a reduction in exports. But the most recent economic indicators suggest that economic activity started to expand in the second quarter, helped in part by a recovery in exports in April and May. Employment continued to grow rapidly, and in June the unemployment rate fell to 6.1%, its lowest level since September 2008. Of the major emerging economies, the fall in confidence and outflows of capital in Russia as a result of the escalation of the Ukraine crisis have led to a decline in investment and a sharp deceleration in GDP in the first quarter (0.7% year on year); it is estimated that GDP will continue to slow in the second quarter. GDP growth has also dipped in other major emerging markets, including Brazil, whose central bank is continuing to tighten monetary policy to counter inflationary pressure. In China, GDP grew by 7.5% (7.4% in the first quarter), supported by measures to stimulate infrastructure investment and strengthen demand from the advanced economies.
According to the latest OECD estimates, which do not incorporate the sharp first-quarter contraction in US GDP, global growth should accelerate in 2014 to 3.4% (source: Bank of Italy). However, the risks remain to the downside, as the recent slowdown in the emerging economies could prove longer than expected, for reasons including the ongoing political tension in various regions.

Financial markets

Conditions in the financial markets of the advanced economies have gradually improved during the first half of 2014, despite fluctuations and doubts at the end of the period. Good performances by equity and bond prices have helped, above all, to reduce risk premiums in what is a very low volatility environment. Stronger expectations of cyclical recovery and the expansionary focus of monetary policy were the other main contributors. Towards the end of the half-year, capital flows to emerging markets resumed.
Conditions on the Italian financial markets also gradually improved during the first half of 2014. Share price increases were supported by a significant reduction in the risk premium demanded by investors, a slight increase in corporate earnings expectations, and a decrease in long-term yields on securities of public issuers. Prices increased in all the main sectors of the Italian stock exchange, particularly for banks, telecommunications and utilities. After the ECB's announcement of fresh expansionary measures, sovereign risk premiums fell further, as did risk premiums for corporate bonds, resulting in a further drop in corporate and public bond funding.
In the first half of 2014, the FTSE MIB and FTSE Italia All Shares indices rose by 12.2% and 11.8% respectively. The MSCI Europe index closed with a gain of 4.0%, while in the US, the S&P500 advanced by 6.1%.

On the exchange rate front, the first few months of the year saw the Euro go through a phase of appreciation, especially against the US Dollar, with support coming in part from portfolio inflows associated with the reduction in sovereign risk. The Euro stopped appreciating in early May when the ECB announced the loosening measures it subsequently introduced in June. During the first half of 2014, all the major currencies used by Gruppo Campari depreciated against the Euro, apart from Sterling and the Swiss Franc. Compared with 31 December 2013, the US Dollar lost 4.2% on average against the Euro and 13.5% against the Australian Dollar, while Sterling gained 3.6%. In this environment of further international capital outflows, the currencies of the main emerging countries also weakened against the Euro. The Argentine Peso lost on average 37.4% against the Euro, the Brazilian Real 15.3%, the Russian Rouble 15.1% and the Jamaican Dollar 14.5%.

Spirits sector

In 2014, the Stoxx Europe 600 Food&Beverage index rose by 6.6%, outperforming the MSCI Europe market index by 2.6%.

In the first half of 2014, the performance by a number of major companies in the spirits sector signalled a slowdown in some major emerging markets; this included China, where the government's introduction of austerity measures led to a sharp contraction in sales in certain categories of imported premium spirit products (mainly cognac and Scotch whiskey). Despite this market situation and the fact that the timing of the recovery is still uncertain, the spirits sector continues to show overall growth in demand, especially in the US, driven by the ongoing rise in demand for premium products. In this market, brown spirits continued to drive growth in volume and price. The fastest-growing categories were American and bourbon whiskey, which are being rediscovered by consumers; this is also affecting Canadian and Scotch whisky, as well as tequila and aged rum, and bitter aperitifs, sales of which have been driven by a renewed interest in traditional cocktails. Furthermore, with regard to the US market, it should be noted that the basic category of vodka, although continuing to grow, is still under significant price pressure due to fierce competition. In other developed markets, such as the UK and continental Europe, consumption of brown spirits has continued to grow, albeit in a more mature environment than in North America. Moreover, emerging markets, such as China, India, Africa and Latin America, are witnessing growing demand for premium spirits, which has been generated by ongoing improvements in socio-economic conditions at a local level.

Medium- to long-term expectations regarding the performance of sector companies remain positive. Spirits stocks continue to benefit from better growth expectations than other consumer goods sectors; this is also reflected in valuations, which are at a premium to market indices. In addition, the positive expectations regarding future M&As in the spirits industry, which underwent further consolidation at the beginning of the year with the acquisition of Beam Inc. by Suntory Holdings Ltd., continue to positively impact stock prices.

Davide Campari-Milano S.p.A. stock

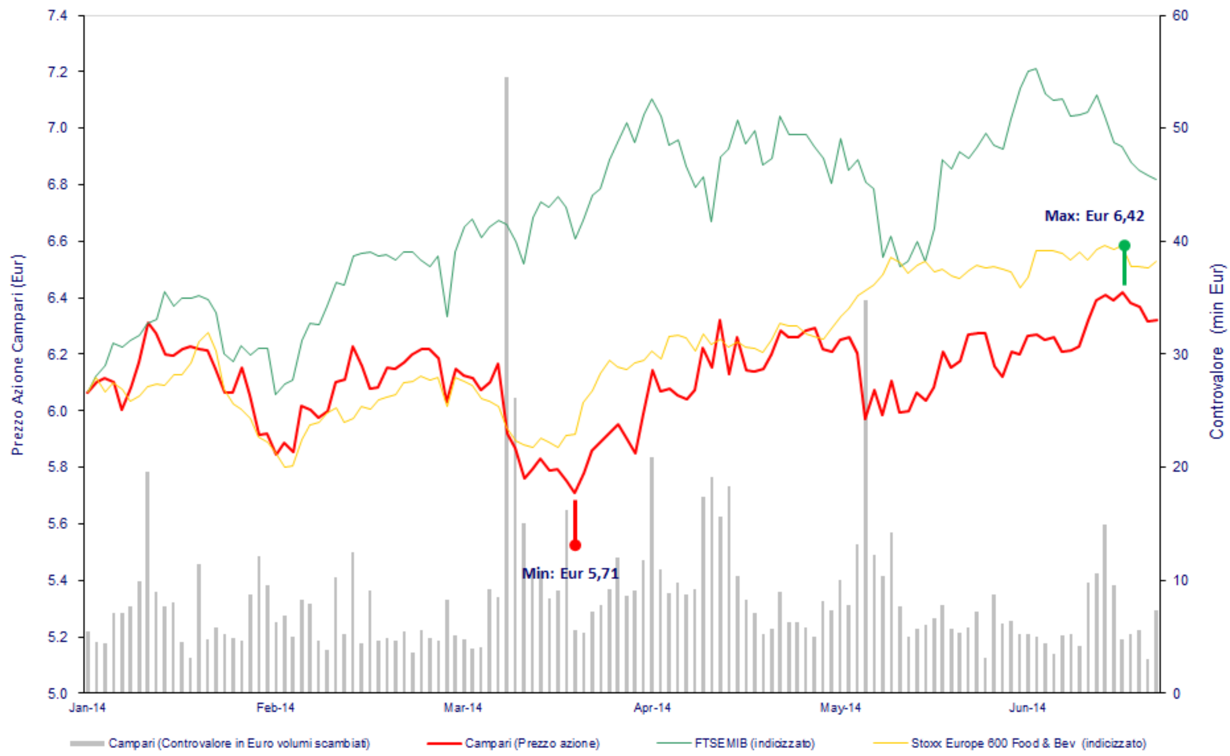
In the economic, industry and financial market context described above, the performance of the Campari stock in the first half of 2014 was influenced by the improved medium-term outlook for business; short-term expectations are still fairly uncertain, given also that the first quarter of 2014 was impacted by unfavourable exchange rates and a range of contingent factors, which were exacerbated in a period of modest trading. The extraordinary events that impacted the stock's performance in the first half of 2014 included the announcement of the acquisitions of Forty Creek Distillery Ltd. and Fratelli Averna S.p.A.; these demonstrate Gruppo Campari's ongoing commitment to growth through acquisitions, in full compliance with the financial and strategic criteria adopted.

In the first half of 2014, the Campari stock gained 3.9% in absolute terms, with total shareholder return (TSR) up 5.3%. The Campari stock underperformed by 8.3% against the FTSE MIB. The stock underperformed against the STOXX Europe 600 Food&Beverage index by 2.6% in the period from 1 January to 30 June 2014, but matched the MSCI Europe sector index in the same period.

The minimum closing price for the first half of 2014, recorded on 24 March 2014, was € 5.71, while the maximum closing price for the period, recorded on 24 June 2014, was € 6.42. The average daily trading volume for Campari shares was 1.4 million in 2014, with an average daily value of € 8.6 million. At 30 June 2014, Campari's market capitalisation was € 3.7 billion.

From the date of the initial public offering (IPO) to 30 June 2014, the price of the Campari stock has increased in absolute terms by 307.7% (an average of 11.4% per year), with the total shareholder return (TSR) up 368.2% (an average of 12.6% per year). The Campari share gained 351.2% against the FTSE MIB, and outperformed the STOXX Europe 600 Food&Beverage index by 201.5% in the period from listing until 30 June 2014. In the same period, the share gained 312.5% against the MSCI Europe sector index.

The performance of the Campari stock and the main benchmark indices from 1 January 2014 to 30 June 2014



The performance of the Campari stock and the main benchmark indices since listing (2001) at 30 June 2014

Notes
Figures up to 2009 have been adjusted to reflect the changes in share capital between 2005 and 2009.
STOXX Europe 600 *Food&Beverage Price Index* is a capitalisation-weighted index which includes European companies operating in the food and beverage industry.

Shareholder base

The table below shows the major shareholders at 30 June 2014.

Shareholder [1]	Number of ordinary shares	% of share capital
Alicros S.p.A.	296,208,000	51.00%
Cedar Rock Capital	62,936,560	10.84%
Morgan Stanley Investment Management Limited	11,868,704	2.04%
Independent Franchise Partners LLP	11,754,665	2.02%

[1] Shareholders who have notified Consob and Davide Campari-Milano S.p.A. that they have shareholdings greater than 2% (pursuant to article 117 of Consob regulation 11971/99 on notification of significant holdings).

[2] Andrew Brown, Chief Investment Officer of Cedar Rock Capital Ltd., informed Consob in accordance with article 120 of Legislative Decree 58/1998 (TUF).

Proposed dividend

On 30 April 2014, the shareholders' meeting approved the full-year results for 2013 and agreed the payment of a dividend of € 0.08 per share (+14.3% compared to the dividend of € 0.07 per share distributed for 2012).

In compliance with the Italian Stock Exchange calendar, the dividend payment date was 22 May 2014 (payment date), with an ex-date (coupon no. 11) of 19 May 2014, in accordance with the Italian Stock Exchange calendar, and a record date of 21 May 2014.

Information on the Campari stock and valuation indicators

The table below shows the performance of the Campari stock and the main valuation indicators used by the Campari Group since the IPO.

Year	Minimum price	Maximum price	Average price	Price at 31 December	Change in Campari share	Change in FTSE MIB	Average daily trading volume	Average daily trading value	Stock market capitalisation at 31 December
	€	€	€	€	%	%	millions of shares	€ million	€ million
2001 [1]	1.09	1.55	1.36	1.32	-14.9%	-14.1%	1.4	2.1	767
2002	1.27	1.89	1.58	1.50	+13.8%	-27.3%	1.1	1.7	871
2003	1.37	1.93	1.65	1.93	+28.2%	+14.4%	0.8	1.3	1,118
2004	1.79	2.39	2.02	2.37	+22.9%	+14.9%	0.9	1.7	1,374
2005	2.24	3.39	2.86	3.12	+32.0%	+15.5%	1.0	2.8	1,812
2006	3.14	4.05	3.66	3.76	+20.5%	+16.0%	1.2	4.4	2,183
2007	3.25	4.21	3.77	3.28	-12.8%	-7.0%	1.5	5.8	1,904
2008	1.93	3.30	2.78	2.40	-26.8%	-49.5%	1.3	3.7	1,394
2009	1.94	3.71	2.82	3.65	+52.1%	+19.5%	1.6	4.5	2,118
2010	3.51	4.99	4.15	4.87	+33.5%	-13.2%	1.9	7.6	2,828
2011	4.44	5.94	5.17	5.15	+5.6%	-25.2%	2.0	10.6	2,988
2012	5.08	6.50	5.55	5.80	+12.7%	+7.8%	1.7	9.6	3,369
2013	5.46	6.64	6.00	6.08	+4.8%	+17.6%	1.3	7.9	3,531
2014 [2]	5.71	6.42	6.12	6.32	+3.9%	+12.2%	1.4	8.6	3,671

[1] Listing on the Italian Stock Exchange (MTA) took place on 6 July 2001. Average daily volume and average daily value excluding first week of trading.

[2] Data as at 30 June 2014.

The table below shows information on dividends paid on the Campari stock since the IPO.

Year	Number of shares authorised and issued at 31 December	Number of adjusted shares at 31 December [1]	Number of shares with dividend rights [2]	Gross dividend per share (€) [3]	Total dividend (€ million) [4]
2001	29,040,000	580,800,000	560,800,000	0.044	24.7
2002	29,040,000	580,800,000	560,800,000	0.044	24.7
2003	29,040,000	580,800,000	560,800,000	0.044	24.7
2004	29,040,000	580,800,000	562,096,180	0.050	28.1
2005	290,400,000	580,800,000	562,712,026	0.050	28.1
2006	290,400,000	580,800,000	580,798,906	0.050	29.0
2007	290,400,000	580,800,000	578,711,092	0.055	31.8
2008	290,400,000	580,800,000	576,380,506	0.055	31.7
2009	290,400,000	580,800,000	576,380,506	0.060	34.6
2010	580,800,000	580,800,000	576,672,284	0.060	34.6
2011	580,800,000	580,800,000	578,636,980	0.070	40.5
2012	580,800,000	580,800,000	569,257,224	0.070	39.8
2013	580,800,000	580,800,000	576,009,862	0.080	46.1

(1) Share information prior to the dates on which changes to the amount of share capital occurred have been adjusted to take account of the new composition of share capital as described below:

- Ten-for-one share split effective as at 9 May 2005
- Bonus share issue via the issue of 290,400,000 new shares with a nominal value of € 0.10 each to be provided free of charge to shareholders in the ratio of one new share for each share held, which came into effect on 10 May 2010

(2) Excluding own shares held by Davide Campari Milano S.p.A. (at the ex-date).

(3) For 2013, the dividend approved by the shareholders' meeting on 30 April 2014.

(4) Total dividend distributed for the year excluding own shares (at the ex-date).

The table below shows information on the main valuation indicators for the Campari share since listing.

Year	Earnings per share (1)	Price/ shareholders' equity	Price/ net profit	Dividend/ net profit [2]	Dividend /price per share [2]
2001	0.11	1.78	12.1	38.9%	3.3%
2002	0.15	1.82	10.1	30.9%	2.9%
2003	0.14	2.04	14.0	35.6%	2.3%
2004	0.17	2.20	13.7	29.0%	2.1%
2005	0.21	2.61	14.9	23.8%	1.6%
2006	0.21	2.74	18.3	24.8%	1.3%
2007	0.22	2.17	15.2	25.4%	1.7%
2008	0.22	1.46	11.0	25.1%	2.3%
2009	0.24	2.02	15.3	25.2%	1.6%
2010	0.27	2.26	18.0	22.1%	1.2%
2011	0.27	2.19	18.7	25.4%	1.4%
2012	0.27	2.35	21.4	25.4%	1.2%
2013	0.26	2.53	23.6	30.8%	1.3%

(1) Up to 2004, Italian Accounting Standards; from 2005, IAS/IFRS.

(2) For 2013, the dividend approved by the shareholders' meeting on 30 April 2014.

Investor relations

Campari has adopted a communications policy aimed at financial market operators intended to provide complete, accurate and timely information on its results, corporate initiatives and strategies, while complying with the relevant confidentiality requirements for certain types of information.

During the first half of 2014, the Company continued to communicate information to institutional investors and financial analysts, through numerous meetings organised in Milan and at the main stock exchanges in Europe and outside Europe, including in the US and Canada.

The website dedicated to investors, a key tool for distributing information on the Company, including financial results, corporate governance, stock market listing and the calendar of events, can also be viewed using new interactive tools. A new Governance section provides all the information relating to the Company's corporate governance system, corporate bodies and shareholders' meetings. The new website was developed to be compatible with any electronic communications device, in order to allow increasingly wider and immediate access through new technologies.

Information of interest to shareholders and investors is available on the website, and may also be requested by sending an e-mail to investor.relations@campari.com

Condensed half-year financial statements

Financial statements

For ease of reference, all figures in these condensed half-year financial statements are expressed in millions of Euro to one decimal place, whereas all the original data is recorded and consolidated by the Group in thousands of Euro. In certain cases, this can result in apparent discrepancies, as there may be a difference between the sum of the individual figures and the total, amounting to no more than € 0.1 million.

Consolidated income statement

	Notes	First half 2014 € million	*of which related parties € million*	First half 2013 € million	*of which related parties € million*
Net sales	8	**686.1**	**-**	**698.6**	**-**
Cost of goods sold	9	(320.6)	-	(325.2)	-
Gross profit		**365.5**	**-**	**373.4**	**-**
Advertising and promotional costs		(111.7)	-	(115.4)	-
Contribution margin		**253.8**	**-**	**258.0**	**-**
Overheads	10	(132.6)	-	(137.5)	*0.1*
of which: non-recurring	*11*	*(3.2)*	-	*(4.9)*	-
Operating result		**121.2**	**-**	**120.5**	***0.1***
Financial income (charges)	12	(29.9)	-	(28.3)	-
of which: non-recurring	*12*	*(0.7)*	-	*(0.1)*	-
Put option income (charges)		-	-	-	-
Profit before tax		**91.3**	**-**	**92.2**	***0.1***
Taxes	13	(33.7)	-	(34.3)	-
Profit for the period		**57.6**	**-**	**57.9**	***0.1***
Profit attributable to:					
Parent Company shareholders		57.3		57.6	
Non-controlling interests		0.3		0.3	
Basic earnings per share (€)	24	0.10		0.10	
Diluted earnings per share (€)	24	0.10		0.10	

Consolidated statement of comprehensive income

	First half 2014 € million	First half 2013 € million
Profit for the period (A)	**57.6**	**57.9**
B1) Items that may be subsequently reclassified to profit or loss		
Cash flow hedging:		
Profit (loss) for the period	(1.1)	1.2
Less: profits (losses) reclassified to the separate income statement	0.6	0.7
Net gains (losses) from cash flow hedging	(1.7)	0.5
Tax effect	0.4	(0.2)
Cash flow hedging	(1.3)	0.3
Conversion difference	3.3	(33.1)
Total: items that may be subsequently reclassified to profit or loss (B1)	**2.0**	**(32.8)**
B2) Items that may be subsequently reclassified to profit or loss		
Remeasurement reserve for defined benefit plans	-	-
Profit (loss) for the period	(1.1)	-
Tax effect	-	-
Remeasurement reserve for defined benefit plans	(1.1)	-
Total: items that may be subsequently reclassified to profit or loss (B2)	**(1.1)**	**-**
Other comprehensive income (losses) (B=B1+B2)	0.9	(32.8)
Total comprehensive income (A+B)	**58.5**	**25.1**
Attributable to:		
Parent Company shareholders	58.2	24.8
Non-controlling interests	0.3	0.3

Consolidated statement of financial position

	Notes	30 June 2014 € million	*of which related parties* *€ million*	31 December 2013 € million	*of which related parties* *€ million*
ASSETS					
Non-current assets					
Net tangible fixed assets	14	416.4	-	396.6	-
Biological assets	15	17.2	-	17.3	-
Investment property	16	1.5	-	0.5	-
Goodwill and brands	17	1,762.6	-	1,556.4	-
Intangible assets with a finite life	18	27.5	-	26.0	-
Investments in affiliates and joint ventures		0.9	-	0.9	-
Deferred tax assets	16	15.8	-	12.4	-
Other non-current assets	19	48.5	*2.2*	33.7	*2.2*
Total non-current assets		**2,290.4**	***2.2***	**2,043.7**	***2.2***
Current assets					
Inventories	20	496.3	-	442.6	-
Current biological assets	20	1.8	-	4.5	-
Trade receivables		312.9	-	288.5	-
Short-term financial receivables	21	11.3	-	31.5	-
Cash and cash equivalents	22	272.8	-	444.2	-
Current tax receivables	28	9.3	*1.1*	17.0	*2.5*
Other receivables		37.6	-	29.4	-
Total current assets		**1,141.9**	***1.1***	**1,257.8**	***2.5***
Non-current assets held for sale	23	1.0	-	1,0	-
Total assets		**3,433.4**	***3.3***	**3,302.5**	***4.7***
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	24				
Share capital	24	58.1	-	58.1	-
Reserves		1,350.4	-	1,333.6	-
Parent Company's portion of shareholders' equity		1,408.5	-	1,391.6	-
Non-controlling interests: shareholders' equity		5.1	-	4.5	-
Total shareholders' equity		**1,413.6**	**-**	**1,396.1**	**-**
Non-current liabilities					
Bonds	25	1,129.3	-	1,127.0	-
Other non-current liabilities	25	63.4	-	48.7	-
Defined benefit plans		9.0	-	8.6	-
Provision for risks and charges	27	31.5	-	32.4	-
Deferred tax liabilities	16	238.1	-	204.7	-
Total non-current liabilities		**1,471.2**	**-**	**1,421.4**	**-**
Current liabilities					
Payables to banks	26	175.6	-	122.3	-
Other financial payables	26	44.8	-	44.4	-
Payables to suppliers		193.4	-	198.1	-
Current payables to tax authorities	28	13.1	-	7.2	*1.3*
Other current liabilities		121.7	*9.0*	113.1	*2.7*
Total current liabilities		**548.6**	***9.0***	**485.0**	***4.0***
Total liabilities and shareholders' equity		**3,433.4**	***9.0***	**3,302.5**	***4.0***

Consolidated statement of cash flows

	Notes	30 June 2014 € million	30 June 2013 € million
Operating result		121.2	120.5
Adjustments to reconcile operating profit and cash flow:			
Depreciation/amortisation	14	18.8	20.2
Gains on sales of fixed assets		(0.5)	(4.9)
Write-downs of tangible fixed assets	14	0.4	0.6
Accruals of provisions		0.4	8.8
Utilisation of provisions		(1.2)	(0.7)
Other non-cash items		4.5	3.7
Change in net operating working capital		(48.8)	(27.0)
Other changes in non-financial assets and liabilities		4.1	(8.4)
Taxes paid	13	(21.6)	(40.6)
Cash flow from (used in) operating activities		**77.3**	**72.3**
Purchase of tangible and intangible fixed assets	14-18	(18.4)	(37.8)
Capital grants received		0.2	-
Capitalised interest expenses		-	(1.0)
Proceeds from disposals of tangible fixed assets		4.1	2.9
Changes in receivables and payables from investments		0.4	(0.1)
Business combinations	6	(217.9)	-
Cash and cash equivalents at acquired companies (*)	6	32.2	-
Purchase and sale of trademarks, rights		(4.0)	(14.1)
Put option and earn-out payments		(0.2)	(2.5)
Interest income		2.5	3.0
Net change in securities		20.0	35.0
Dividends received		0.2	-
Cash flow from (used in) investing activities		**(180.6)**	**(14.5)**
Repayment of Campari America private placement	26	(29.3)	-
Other repayment of medium- and long-term debt		(0.2)	(0.3)
Net change in short-term payables to banks and loans		30.0	(14.4)
Interest expenses		(13.2)	(13.3)
Change in other financial payables and receivables		(10.5)	(14.1)
Purchase and sale of own shares	24	1.3	(42.1)
Dividend paid out by Parent Company	24	(46.1)	(39.8)
Cash flow from (used in) financing activities		**(68.3)**	**(124.1)**
Effect of exchange rate differences on net operating working capital		(0.9)	16.3
Other exchange rate differences and other changes in shareholders' equity		1.0	(5.6)
Exchange rate differences and other changes in shareholders' equity		**0.1**	**10.7**
Net change in cash and cash equivalents: increase (decrease)		**(171.4)**	**(55.6)**
Cash and cash equivalents at start of period	22	444.2	442.5
Cash and cash equivalents at end of period	22	272.8	386.9

(*) It should be noted that the cash acquired, which relates to Averna Group only, is to be considered net of financial liabilities acquired, of € 37.8 million; net debt from the acquisition of € 5.6 million is therefore recorded.

Statement of changes in consolidated shareholders' equity

	Notes	Attributable to Parent Company shareholders					Non-controlling interests	Total
		Share capital € million	Legal reserve € million	Retained earnings € million	Other reserves € million	Total € million	€ million	€ million
Balance at 31 December 2013		**58.1**	**11.6**	**1,453.8**	**(131.9)**	**1,391.6**	**4.5**	**1,396.1**
Dividend payout to Parent Company shareholders	24	-	-	(46.1)	-	(46.1)	-	(46.1)
Purchase of own shares	24	-	-	(5.3)	-	(5.3)	-	(5.3)
Sale of own shares	24	-	-	6.6	-	6.6	-	6.6
Stock options	29	-	-	1.2	2.2	3.5	-	3.5
Change in basis of consolidation	6			-	-	-	0.3	0.3
Profit for the period		-	-	57.3	-	57.3	0.3	57.6
Other comprehensive income (losses)		-	-	-	0.9	0.9	-	0.9
Total comprehensive income		-	-	57.3	0.9	58.2	0.3	58.5
Balance at 30 June 2014		**58.1**	**11.6**	**1,467.6**	**(128.8)**	**1,408.5**	**5.1**	**1,413.5**

	Attributable to Parent Company shareholders					Non-controlling interests:	Total
	Share capital € million	Legal reserve € million	Retained earnings € million	Other reserves € million	Total € million	€ million	€ million
Balance at 31 December 2012	**58.1**	**11.6**	**1,364.4**	**(5.3)**	**1,428.9**	**4.2**	**1,433.1**
Dividend payout to Parent Company shareholders	-	-	(39.8)	-	(39.8)	-	(39.8)
Purchase of own shares	-	-	(46.7)	-	(46.7)	-	(46.7)
Sale of own shares	-	-	4.6	-	4.6	-	4.6
Stock options	-	-	1.0	3.2	4.1	-	4.1
Profit for the period	-	-	57.6	-	57.6	0.3	57.9
Other comprehensive income (losses)	-	-	(0.1)	(32.6)	(32.8)	-	(32.8)
Total comprehensive income	-	-	57.4	(32.6)	24.8	0.3	25.1
Balance at 30 June 2013	**58.1**	**11.6**	**1,340.9**	**(34.8)**	**1,375.8**	**4.5**	**1,380.4**

Notes to the consolidated financial statements

1. General information

Davide Campari-Milano S.p.A. is a company listed on the Mercato Telematico (screen-based market) of Borsa Italiana, with registered office at Via Franco Sacchetti 20, 20099 Sesto San Giovanni (Milan), Italy.
The publication of this half-year report at 30 June 2014, which was subject to a limited audit, was authorised by the Board of Directors on 5 August 2014.
This report is presented in Euro, the reference currency of the Parent Company and many of its subsidiaries.

2. Preparation criteria

These condensed half-year financial statements were prepared in consolidated format pursuant to article 154-*ter* of the Consolidated Law on Finance (TUF) as amended, and were drafted in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Union.
The term IFRS also encompasses the International Accounting Standards (IAS) still in force, as well as all interpretation documents of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).
The condensed half-year financial statements were drafted in accordance with IAS 34-Interim Financial Reporting, using the same principles as those applied in the preparation of the consolidated financial statements at 31 December 2013, except for the changes described in note 3 below, entitled 'Changes in accounting standards'.
The condensed half-year financial statements do not include all the information and notes required for the consolidated annual financial statements, and as such should be read in conjunction with the consolidated financial statements at 31 December 2013.
Unless otherwise indicated, the amounts shown in the following explanatory notes are expressed in millions of Euro.

Form and content

In accordance with the format selected by Gruppo Campari, the income statement is classified by function, and the statement of financial position shows current and non-current assets and liabilities separately.
The management considers that this format provides a more meaningful representation of the items that have contributed to the Group's results.
In the income statement (classified by function), income and charges from non-recurring transactions such as capital gains/losses on the sale of shareholdings, restructuring costs, financial charges and any other non-recurring income/expenses are shown separately; this provides a clearer picture of the company's operating performance. Non-recurring items are also discussed in detail in these notes.
The definition of 'non-recurring' here conforms to that set out in Consob communication DEM/6064293 of 28 July 2006.
In the first half of 2014, the Group did not carry out any atypical and/or unusual transactions, as defined in the same communication.
The cash flow statement was prepared using the indirect method.
Taxes for the first six months of the year have been accounted for on the basis of the best estimate of the anticipated tax rate for 2014.
Lastly, with reference to the requirements of Consob resolution 15519 of 27 July 2006 in relation to financial statements, the income statement and statement of financial position contain columns providing information on any significant transactions with related parties.

Use of estimates

The preparation of the condensed half-year financial statements requires the management to make estimates and assumptions that have an impact on the value of revenues, costs, assets and liabilities and on disclosures concerning contingent assets and liabilities at the reporting date.
If, in the future, these estimates and assumptions, based on the best valuation currently available, differ from the actual circumstances, they will be amended accordingly at the time the circumstances change.
In particular, estimates are used to identify provisions for risks in respect of receivables, obsolete inventory, depreciation and amortisation, asset write-downs, employee benefits, taxes, restructuring reserves and accrual of other provisions.

The estimates and assumptions are reviewed periodically and the impact of any change is reflected in the income statement.
However, also pursuant to IAS 36-Impairment of Assets, some valuation procedures, especially those relating to the more complex valuations, such as the determination of any impairment of non-current assets, are generally carried out only at the time of preparing the annual financial statements, when all the required information is available, except where there are indications of impairment requiring an immediate assessment.
Similarly, the actuarial valuations required to determine employee benefit funds are normally obtained at the time the annual financial statements are prepared.

Basis of consolidation

As part of the ongoing rationalisation of the Group's structure, CISC 'Odessa Sparkling Wine Company' was sold on 24 April 2014. At 31 December 2013, the Group had already adjusted the company's asset values to the estimated sale value. The operation had no further impact on the Group's basis of consolidation.
In June 2014, the Group carried out the following acquisitions, explained in the 'Significant events after the period' section of the interim report on operations and whose effects are detailed under note 6-Business combinations:

- On 2 June 2014, 100% of Forty Creek Distillery Ltd., a leading independently owned spirits company in Canada, was acquired.
- On 3 June 2014, 100% of Fratelli Averna S.p.A., a company with its head office in Caltanissetta, (Sicily), and leader in Italy's spirits market, was acquired. Fratelli Averna S.p.A., together with its subsidiaries, Casoni Fabbricazione Liquori S.p.A., Alimenta S.r.l., and Stepanow S.R.O., make up the Averno Group acquired.

The table below lists the companies included in the basis of consolidation at 30 June 2014.

Name, activity	Head office	Share capital at 30 June 2014			% owned by Parent Company		
		Currency	Amount		Direct	Indirect	Direct shareholder
Parent Company							
Davide Campari-Milano S.p.A., holding and manufacturing company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	58,080,000				
Fully consolidated companies							
Italy							
Campari International S.r.l., trading company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	700,000		100.00		
Campari Services S.r.l., services company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	160,000		100.00		
Sella&Mosca S.p.A., manufacturing, trading and holding company	Località I Piani, Alghero	€	15,726,041		100.00		
Campari Wines S.r.l., trading company	Località I Piani, Alghero	€	100,000			100.00	Sella&Mosca S.p.A.
Fratelli Averna S.p.A., manufacturing and trading company	Via Xiboli, 345, Caltanisetta	€	3,900,000		100.00		
Casoni Fabbricazione Liquori S.p.A., manufacturing and trading company	Via Venezia, 5/A, Finale Emilia	€	929,594			100.00	Fratelli Averna S.p.A.
Alimenta S.r.l., manufacturing company	Traversa Bagnulo 12, Piano di Sorrento	€	100,000			100.00	Casoni Fabbricazione Liquori S.p.A.
Europe							
Campari Austria GmbH, trading company	Naglergasse 1/Top 13 A, Vienna	€	500,000			100.00	DI.CI.E Holding B.V.
Campari Benelux S.A., finance and trading company	Avenue de la Métrologie, 10, Brussels	€	246,926,407		61.00	39.00	GlenGrant Ltd.
Campari Deutschland GmbH, trading company	Bajuwarenring 1, Oberhaching	€	5,200,000			100.00	DI.CI.E Holding B.V.
Campari España S.L., holding and manufacturing company	Calle de la Marina 16-18, planta 28, Barcelona	€	3,272,600		100.00		
Campari International S.A.M., trading company	14 Bd des Moulins, Monaco	€	70,000,000	(1)		100.00	DI.CI.E Holding B.V.
Campari RUS OOO, trading company	2nd Yuzhnoportoviy proezd 14/22, Moscow	RUB	2,010,000,000			100.00	DI.CI.E Holding B.V.
Campari Schweiz A.G., trading company	Lindenstrasse 8, Baar	CHF	500,000			100.00	DI.CI.E Holding B.V.

Name, activity	Head office	Share capital at 30 June 2014		% owned by Parent Company		
		Currency	Amount	Direct	Indirect	Direct shareholder
Campari Ukraine LLC, trading company	8, Illinska Street, 5th Floor, Block 8 and 9, Kiev	UAH	30,207,850		100.00	DI.CI.E Holding B.V. (99%), Campari RUS OOO (1%)
DI.CI.E. Holding B.V., holding company	Luna Arena, Herikerbergweg 114, Zuidoost, Amsterdam	€	15,015,000	100.00		
GlenGrant Ltd., manufacturing and trading company	GlenGrant Distillery, Rothes, Morayshire	GBP	24,949,000		100.00	DI.CI.E Holding B.V.
J. Wray&Nephew (UK) Ltd., trading company	82, St. John Street, London	GBP	10,000		100.00	GlenGrant Ltd.
Kaloyiannis-Koutsikos Distilleries S.A., manufacturing and trading company	6 & E Street, A' Industrial Area, Volos	€	6,811,220		75.00	DI.CI.E Holding B.V.
Lamargue S.a.r.l., trading company	Domaine de la Margue, Saint Gilles	€	750,000		100.00	Société Civile du Domaine de Lamargue
Société Civile du Domaine de Lamargue, manufacturing and trading company	Domaine de la Margue, Saint Gilles	€	6,793,200		100.00	Sella&Mosca S.p.A.
TJ Carolan&Son Ltd., trading company	Ormond Building, Suite 1,05, 31-36 Upper Ormond Quay, Dublin	€	2,600	76.92	23.08	DI.CI.E Holding B.V.
Stepanow S.R.O., manufacturing and trading company	07651 Pribenìk 111, Slovakia	€	1,334,605		100.00	Casoni Fabbricazione Liquori S.p.A. (83.28%), non-controlling interests (16.72%)
Americas						
Campari America (Skyy Spirits , LLC), manufacturing and trading company	1255 Battery Street, Suite 500, San Francisco	USD	566,321,274	100.00		
Campari Argentina S.A., manufacturing and trading company	Av. Corrientes, 222 - 3rd floor, Buenos Aires	ARS	184,006,830		100.00	DI.CI.E, Holding B.V. (96.28%), Campari do Brasil Ltda. (3.72%)
Campari do Brasil Ltda., manufacturing and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville-Barueri-SP	BRL	239,778,071	100.00		
Campari Mexico S.A. de C.V., manufacturing and trading company	Avenida Americas 1592 3er Piso ol. Country Club, Guadalajara, Jalisco	MXN	528,738,500		100.00	DI.CI.E Holding B.V.
Gregson's S.A., brand holder	Andes 1365, Piso 14, Montevideo	UYU	175,000		100.00	Campari do Brasil Ltda.
J. Wray&Nephew Ltd, manufacturing and trading company	234, Spanish Town Road, Kingston	JMD	600,000		100.00	Campari Espãna S.L.
J**. Wray y Sobrino de Costa Rica S.A**., dormant company	Bulevard Multiplaza, Edificio KPMG, Fifth Floor, San José	CRC	1,000,000	(1)	100.00	J. Wray&Nephew Ltd.
Red Fire Mexico, S. de R.L. de C.V., trading company	Camino Real Atotonilco 1081, Arandas, Jalisco	MXN	1,254,250		100.00	DI.CI.E, Holding B.V. (99.80%), Campari Mexico S.A. de C.V. (0.20%)
Wray&Nephew (Canada) Ltd., trading company	5770, Timberlea Blvd, Suite 103, Mississauga	CAD	50,000,100		100.00	DI.CI.E Holding B.V.
Forty Creek Distillery Ltd., manufacturing and trading company	297 South Service Road West, Grimsby, Ontario L3M 1Y6	CAD	108,816,316		100.00	Wray&Nephew (Canada) Ltd.
Other						
Campari (Beijing) Trading Co. Ltd., trading company	Xingfu Dasha Building, block B, room 511, no, 3 Dongsanhuan BeiLu, Chaoyang District, Beijing	RMB	65,300,430		100.00	DI.CI.E Holding B.V.
Campari do Brasil Ltda., manufacturing and trading company	Level 10, Tower B, 207 Pacific Highway, St Leonards, Sydney	AUD	21,500,000		100.00	DI.CI.E Holding B.V.
Campari Japan Ltd., trading company	6-17-15, Jingumae Shibuya-ku, Tokyo	JPY	3,000,000		100.00	DI.CI.E Holding B.V.
Campari South Africa Pty Ltd., trading company	12th Floor, Cliffe Deker Hofmeyr 11 Buitengracht street, Cape Town	ZAR	5,747,750		100.00	DI.CI.E Holding B.V.
Campari New Zealand Pty Ltd., trading company	C/o KPMG 18, Viaduct Harbour Av., Maritime Suar	NZD	10,000		100.00	Campari Australia Pty Ltd.

Other investments		**Share capital at 30 June 2014**		**% owned by Parent Company**		
Name, location, activity		Currency	Amount	Indirect	Direct shareholder	Valuation method
Jamaica Joint Venture Investment Co. Ltd., property company	234, Spanish Town Road, Kingston	JMD	450,000	33.33	J.Wray& Nephew Ltd.	Shareholders' equity
Manhart Properties Ltd., property company	7, North Street, Kingston	JMD	4,891,032	100.00	Jamaica Joint Venture Investment Co. Ltd.	Shareholders' equity
City Properties Ltd., property company	7, North Street, Kingston	JMD	370,000	100.00	Jamaica Joint Venture Investment Co. Ltd.	Shareholders' equity

(1) company in liquidation.

Exchange rates used in translation of financial statements in foreign currency

The exchange rates used for conversion transactions are shown below.

	30 June 2014		31 December 2013		30 June 2013	
	Average rate	End-of-period rate	Average rate	End-of-period rate	Average rate	End-of-period rate
US Dollar	1.370	1.366	1.328	1.379	1.313	1.308
Canadian Dollar	1.503	1.459	1.368	1.467	1.334	1.371
Swiss Franc	1.221	1.216	1.231	1.228	1.230	1.234
Brazilian Real	3.150	3.000	2.867	3.258	2.669	2.890
Uruguayan Peso	30.931	31.254	27.210	29.546	25.465	26.788
Chinese Renminbi	8.451	8.472	8.165	8.349	8.129	8.028
UK Pound	0.821	0.802	0.849	0.834	0.851	0.857
Japanese Yen	140.392	138.440	129.642	144.720	125.431	129.390
Argentine Peso	10.747	11.107	7.277	8.989	6.732	7.040
Mexican Peso	17.978	17.712	16.964	18.073	16.502	17.041
Australian Dollar	1.499	1.454	1.377	1.542	1.296	1.417
Ukrainian Hryvnia	14.361	16.047	10.788	11.329	10.616	10.560
Russian Rouble	48.020	46.378	42.325	45.325	40.763	42.845
South African Rand	14.677	14.460	12.831	14.566	12.122	13.070
Jamaican Dollar	149.454	152.755	133.304	146.176	127.711	132.146
New Zealand Dollar	1.615	1.563	1.620	1.676	1.588	1.679

3. Changes in accounting standards

The accounting standards adopted by the Group are the same as those applied to the annual financial statements at 31 December 2013, with the exception of those set out below.

a. Accounting standards, amendments and interpretations applied since 1 January 2014

IAS 39-Novation of Derivatives and Continuation of Hedge Accounting

The amendment clarifies that derivatives may continue to be designated as hedging instruments (hedge accounting) where the instrument is subject to novation, provided certain conditions are met. This amendment will also be made in IFRS 9-Financial Instruments. This amendment did not affect the Group's financial position or profitability.

IAS 36-Recoverable Amount Disclosures for Non-Financial Assets

The amendment clarifies that the disclosure required on the recoverable amount of assets subject to an impairment loss only concerns the assets whose recoverable amount is based on fair value net of sales costs. This amendment did not affect the Group's financial position or profitability.

IFRS 10-12 and IAS 27-Exceptions from Consolidation for Investment Entities

The amendment introduces an exemption to the obligation to consolidate an investment entity if the ultimate shareholder is an investment fund. This standard does not apply to the Group.

IFRS 10-Consolidated Financial Statements

The new standard identifies the concept of control as the determining factor for including a company in the basis of consolidation of the parent company. The objective of IFRS 10 is to provide a single model according to which control is the basis of consolidation for all types of entity. The provisions of IFRS 10 provide a new definition of control to be applied in a uniform manner to all companies (including SPEs). According to this new definition, a company controls an investee if it is exposed or has rights to the returns (positive and negative) of the investee, and if it has the ability to affect these returns by exercising its power. The standard provides some indicators to be considered for the purposes of assessing the existence of control, which include potential rights, merely protective rights and the existence of agency or franchise relationships. The new provisions also recognise the possibility of exercising control over a subsidiary even in the absence of a majority share of the voting rights, if other shareholders' interests are sufficiently dispersed or they have a passive interest in the investee. IFRS 10 will replace SIC 12 and part of IAS 27, from which any reference to the consolidated financial statements has been removed. The adoption of the new standard did not have a significant impact on the Group's consolidated financial statements.

IAS 27 (revised)-Separate Financial Statements

The document, issued in May 2011, partially modifies the old IAS 27-Consolidated and Separate Financial Statements as published in 2003, following the introduction of the new IFRS 10 standard. The document, which incorporates the standards dealing solely with the drafting of separate financial statements, is not applicable to the consolidated financial statements.

IFRS 11-Joint Arrangements

The new document establishes the financial reporting principles for entities that are parties to joint control agreements and replaces IAS 31-Interests in Joint Ventures and SIC 13-Jointly Controlled Entities – Non-monetary Contributions by Venturers. The standard provides a more realistic reflection of the definition of joint arrangements, focusing on the rights and obligations contained in the agreement, rather than on its legal form. Based on the rights and obligations pertaining to the participants, the standard identifies two types of agreement, joint operations and joint ventures, and governs their consequent accounting treatment in the financial statements. The new provisions establish that joint ventures must be accounted for using the equity method, removing the option to use proportional consolidation. The adoption of the new standard did not have a significant impact on the Group's consolidated financial statements.

IAS 28 (revised)-Investments in Associates and Joint Ventures

The document, which was published in May 2011, partially modifies the old IAS 28-Investments in Associates, as published in 2003, and incorporates the new standards established for joint ventures and some amendments discussed by the IASB and approved with Exposure Draft 9. The document also defines the accounting treatment to be used in the event of the full or partial sale of a shareholding in a jointly controlled or affiliated company. The adoption of the new standard did not have a significant impact on the Group's consolidated financial statements.

IFRS 12-Disclosure of Interests in Other Entities

The new document defines the information to be disclosed relating to all forms of holdings in other entities, including joint ventures, affiliates, SPEs and all other forms of interest, including off-balance-sheet interests. This amendment relates exclusively to the presentation of the financial statements and therefore does not affect the Group's financial position or profitability. This has, however, led to a different presentation of the consolidated statement of comprehensive income.

IAS 32-Financial Instruments: Presentation.

The amendment, published on 29 December 2012, clarifies some of the requirements (with particular emphasis on quantitative aspects) for offsetting the financial receivables and payables of the company and its affiliates in the group's financial position. Specifically, the document establishes that, in order to offset items, the offsetting right must be legally enforceable in any circumstances, both in the normal course of business and in the event of insolvency, default or bankruptcy of one of the counterparties. Under certain conditions, the simultaneous gross settlement of financial assets and liabilities, with the resulting elimination or significant reduction in credit and liquidity risks, may be considered equivalent to net settlement. The amendment is related to document IFRS 7-Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities, which correspondingly adjusted the disclosure to be provided in the financial statements. This amendment relates purely to the presentation of the financial statements and did not therefore have any effect on the Group's financial position or profitability.

Transition guidance for IFRS 10, 11 and 12

The amendment clarifies the type of comparative information to be provided following the application of the new IFRS 10 standard and the consequent identification of the date on which an entity assumes control over another. Specifically, the document clarifies the type of information to be included in the financial statements in the event that the date on which a company takes control of an entity is different under IFRS 10 from under the previous IAS 27 and SIC 12 standards. As this amendment relates only to the presentation of statements, it did not have any effect on the Group's financial position or profitability.

b. Accounting standards, amendments and interpretations not yet harmonised that have not been adopted in advance

IFRS 9-Financial Instruments (applicable from 1 January 2015)

The new document represents the first part of a process intended to wholly replace IAS 39. IFRS 9 introduces new criteria for the classification and measurement of financial assets and liabilities and the derecognition of financial assets. Specifically, the recognition and measurement criteria for financial assets and their relative classification in the financial statements have been modified. The new provisions establish a classification and measurement model for financial assets based exclusively on the following categories: assets measured at amortised cost or assets measured at fair value. The new provisions also establish that investments other than those in subsidiaries, associates and joint ventures are measured at fair value and recognised in the income statement. Where such investments are not held for trading purposes, changes to fair value may be highlighted in the statement of comprehensive income, keeping only the impact of paying out dividends for the income statement. When the investment is sold, the amounts recorded in the statement of comprehensive income should not be allocated to the income statement. On 28 October 2010, the IASB included in the provisions of IFRS 9 the recognition and measurement criteria for financial liabilities. Specifically, the new provisions require that, when a financial liability is measured at fair value and recognised in the income statement, changes in fair value relating to changes in the issuer's own credit risk are recorded under other comprehensive income; this component is allocated directly to the income statement to ensure symmetry with other accounting items related to the liability, avoiding an accounting mismatch.
In addition, an amendment was published in November 2013 which introduced three important changes. The most important change relates to hedge accounting, and introduces a new model that incorporates a number of improvements intended to harmonise accounting treatment with the risk management policy operated by the company. The other two changes relate to the period of first-time application of the standard, giving companies the option to adopt the standard immediately and directly recognise the effects of changes in own credit risk on the

statement of comprehensive income. The Group is still assessing the potential impact of the new standard and related amendment on its financial assets and liabilities.

IFRIC 21-Levies (applicable from 1 January 2014)
The standard is an interpretation of IAS 37, and clarifies when an entity must recognise a liability for the payment of levies imposed by the government, except those already governed by other standards.
The interpretation clarifies that the obligating event for the recognition of a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation. The Group does not consider that the adoption of the new standard will have a significant impact on the consolidated financial statements.

IAS 19-Employee Benefits *(*applicable from 1 July 2014)
The amendment, which was published in November 2013, provided clarification on the accounting treatment to be applied in respect of pension plans involving a contribution from employees or third parties. The amendment sets out the different treatments to be applied depending on whether or not the contribution relates to the employee's period of service. The Group does not consider that the adoption of the new standard will have a significant impact on the consolidated financial statements.

IFRS 14-Regulatory Deferral Accounts *(*applicable from 1 January 2016)
Under the new standard, only first-time adopters of IFRS are allowed to continue to recognise amounts relating to the rate regulation according to the previous accounting principles adopted. In order to improve comparability with entities that already apply IFRS and hence do not recognise such amounts, the standard requires the rate regulation effect to be presented separately from the other items. The new standard is not applicable to the consolidated financial statements.

IFRS 15-Revenue from Contracts with Customers *(*applicable from 1 January 2017)
The aim of the new standard is to improve the quality and uniformity of revenue recognition and of the comparability of financial statements prepared in accordance with IFRS and US accounting principles. Under the new standard, revenue recognition may no longer be based on the 'earnings' method but on the 'assets-liabilities' method, which focuses on the date that control of the sold asset was transferred. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

IAS16-IAS 38-Clarification of Acceptable Methods of Depreciation (applicable from 1 January 2016)
The amendment was issued in May 2014 to clarify that depreciation calculated according to the 'revenue-based method' is not considered appropriate as it reflects only the revenue generated by the asset and not the consumption of the expected future economic benefits embodied in the asset. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

IFRS 11-Accounting for Acquisitions of Interests in Joint Operations (applicable from 1 January 2016)
The amendment was issued in May 2014 to clarify the accounting treatment for the acquisition of interests in a joint operation that constitutes a business. The amendment requires investors to apply the principles of IFRS 3 relating to business combinations. Specifically, at the time of acquisition of a joint operation, an investor will need to measure the acquired assets and liabilities at fair value, expense the acquisition-related costs, recognise deferred tax arising from the allocation of the price paid to the values acquired, and recognise the residual from this purchase price allocation as goodwill. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

4. Seasonal factors

Sales of some Gruppo Campari products are more affected than others by seasonal factors, because of different consumption patterns or consumer habits.
In particular, soft drink consumption tends to be concentrated in the hottest months of the year (May-September), and summer temperature variations from one year to the next may have a substantial effect on comparative sales figures.
For other products, such as sparkling wines, sales in some countries are concentrated in certain periods of the year, mainly around Christmas.
While external factors do not affect sales of these products, the commercial risk is higher, since the full-year sales result is determined in just two months.

In general, the Group's diversified product portfolio, which includes spirits, soft drinks and wines, and the geographical spread of its sales help to reduce substantially any risks relating to seasonal factors.

5. Default risk: negative pledges and debt covenants

The agreements relating to the bond issued by the Parent Company and the Campari America private placement include negative pledges and covenants. If the Group does not comply with the above-mentioned clauses, after an observation period in which any breach has not been rectified, it may be served with notice to repay the residual debt. The ratios are monitored by the Group at the end of each quarter.
The negative pledge clauses are intended to limit the Group's ability to grant significant rights over the Group's assets to third parties, in particular by establishing specific restrictions on selling or pledging assets.
The covenants include the Group's obligation to attain particular levels for certain financial indicators, most notably the ratio of net debt to EBITDA. Net debt is the Group's net financial position calculated at average exchange rates for the previous 12 months; EBITDA is the Group's operating result before depreciation, amortisation and non-controlling interests, pro-rated to take account of acquisitions in the past 12 months.
At 30 June 2014, this multiple was 3.1 (compared with 2.5 at 31 December 2013).

6. Business combinations

As fully detailed in the significant events during the period in the interim Report on operations, Gruppo Campari completed the acquisitions of Forty Creek Distillery Ltd. and Averna Group on 2 and 3 June 2014.
The total cost of both acquisitions was € 237.3 million (€ 133.6 million for Forty Creek Distillery Ltd. and € 103.7 million for Averna Group), and comprised the following:

- the price paid for both transactions, which were completed in June 2014, totalled € 217.9 million (€ 119,9 million for Forty Creek Distillery Ltd. and € 98.0 million for the Averna Group).
- as part of its acquisition of Forty Creek Distillery Ltd., the Group must still pay the sellers an amount of € 6.3 million, as a guarantee, which is included under the Group's other current financial payables.
- current tax payables relating to income tax of € 7.5 million have also been recorded in respect of the Forty Creek Distillery Ltd acquisition; it should be noted that this amount is not included in the Group's financial position at 30 June 2014 as it is a purely fiscal item.
- the impact of the liability relating to the financial payables of the acquired companies totals € 5.6 million (of which € 5.7 million relates to the Averna Group) and is part of the total cost of acquisitions.

The following table gives a breakdown of the costs of the transactions.

Summary of total cost of acquisitions	Averna Group € million	Forty Creek Distillery Ltd. (*) € million	Total € million
Payment on closing date of transaction	**(98.0)**	**(119.9)**	**(217.9)**
Amounts payable to sellers (purchase price holdback)		(6.3)	(6.3)
Acquired tax payables for income tax relating to acquisitions		(7.5)	(7.5)
Total acquisition price	**(98.0)**	**(133.7)**	**(231.7)**
Cash and cash equivalents	31.6	0.6	32.2
Other net financial payables	(37.3)	(0.5)	(37.8)
Acquired net debt	**(5.7)**	**0.1**	**(5.6)**
Total cost of acquisitions	**(103.7)**	**(133.6)**	**(237.3)**

(*) at exchange rate on closing date of transactions

In the following sections we detail the individual acquisitions and values that have been incorporated in the basis of consolidation.
In addition, the subsequent notes to the financial statements show the impact of the external change relating to the acquisition of the two companies.

Acquisition of Forty Creek Distillery Ltd.
On 2 June 2013, the Group acquired Forty Creek Distillery Ltd., a leading spirits company in Canada. The acquired business includes the full brand portfolio of Forty Creek Distillery Ltd., the stocks, distilleries and manufacturing facilities and a hospitality centre located in Grimsby, Ontario (Canada).
The total cost of the transaction was € 133.6 million.
At 30 June 2014, the amount still to be paid to the sellers was € 6.3 million (equivalent to CAD 9.3 million) and relates to the amount pledged as a guarantee on the basis of the purchase price holdback clause stipulated in the contract. This amount is recorded under other current financial liabilities. A short-term income tax payable of € 7.5 million was also recorded, relating to the contractual agreements with the seller.
The ancillary costs attributable to the acquisition amounted to € 1.0 million and were classified in the income statement under non-recurring overheads for the period.
Since the acquisition was finalised in June and generated marginal financial effects in the first half of 2014, these effects were not considered significant for the purposes of the financial statements.
The acquired company was therefore only incorporated for the purpose of the consolidated financial position, which, at 30 June 2014, reflects the assets and liabilities acquired as at the closing date at fair value. These values did not change significantly between the closing and 30 June 2014.
The provisional allocation of the fair values of the assets acquired is shown below:
It should be noted that this allocation is provisional and based on the information made available and on the recognition and restatement of same, carried out in part with the assistance of an independent expert.
The provisional values recorded may therefore be subject to adjustments following the receipt of additional information on the estimates made at the date of this report.
Goodwill was deemed to be fully reportable due to the synergies expected to be generated by integrating these brands into the Group's commercial structure. This goodwill is not tax-deductible based on the pertinent local regulations.
The values shown here are explained in the following notes to the accounts, where they are highlighted in the financial statements as external growth. The values were converted at the exchange rate on the closing date of the transaction.

	Provisional fair value at 30 June 2014
	€ million
ASSETS	
Non-current assets	
Net tangible fixed assets	10.1
Brands	64.1
Investments in other companies	0.2
Total non-current assets	**74.4**
Current assets	
Inventories	10.8
Trade receivables	3.4
Cash and cash equivalents	0.6
Other receivables	0.3
Total current assets	**15.2**
Total assets	**89.6**

	Provisional fair value at 30 June 2014
	€ million
LIABILITIES	
Non-current liabilities	
Deferred tax liabilities	1.8
Payables to sellers (purchase price holdback)	6.3
Total non-current liabilities	**8.1**
Current liabilities	
Payables to banks	0.5
Payables to suppliers	1.3
Current payables to tax authorities	8.0
Other current liabilities	0.7
Total current liabilities	**10.5**
Total liabilities	**18.6**
Net assets acquired	**71.0**
Goodwill generated by acquisition	**48.9**
Total cost, of which:	**133.6**
Price paid in cash, excluding ancillary costs	*119.9*
Payables to sellers (purchase price holdback)	*6.3*
Tax payables acquired	*7.5*
Net cash position acquired, of which:	*(0.1)*
• *cash acquired*	*(0.6)*
• *financial debt acquired*	*0.5*

It should be noted that if the business had been consolidated from the start of the half year, the effect on net sales and EBITDA for the period would have been around € 10.0 million and € 3.3 million respectively.

Acquisition of Fratelli Averna S.p.A.

On 3 June 2014, we completed the acquisition of Fratelli Averna S.p.A., which has its head office in Caltanissetta (Sicily). A leading company in the spirits market in Italy, it owns the Averna brand and a portfolio of products characterised by premium positioning, high profitability and leadership in the categories concerned, including Braulio, Limoncetta and Frattina grappa.

We acquired 100% holdings in Fratelli Averna S.p.A., Casoni Fabbricazione Liquori S.p.A. and Alimenta S.r.l., all headquartered in Italy, and a 16.72% non-controlling interest in Stepanow S.R.O., headquartered in Slovakia.

The total purchase price was € 103.7 million, consisting of a cash payment of € 98.0 million and financial net debt on the acquisition date of € 5.7 million.

Ancillary costs attributable to the acquisition and classified in the income statement amounted to € 1.2 million, of which € 0.5 million was classified as non-recurring overheads and € 0.7 million as non-recurring financial charges.

Since the acquisition was finalised in June and generated marginal financial effects in the first half of 2014, these effects were not considered significant for the purposes of the financial statements.

The acquired company was therefore only incorporated for the purpose of the consolidated financial position, which, at 30 June 2014, reflects the assets and liabilities acquired as at the closing date at fair value. These values did not change significantly between the closing date and 30 June 2014, except for non-current financial assets, which were restated as detailed in Note 19-Other non-current assets.

The provisional allocation of the fair values of the assets acquired is shown below:

It should be noted that this allocation is provisional and based on the information made available and on the recognition and restatement of same, carried out in part with the support of an independent expert.

The provisional values recorded may therefore be adjusted following receipt of further information on the preliminary fair value estimates made at the date of this report.

Goodwill was deemed to be fully reportable due to the synergies expected to be generated by integrating these brands into the Group's commercial structure. This goodwill is not tax-deductible based on the pertinent local regulations.

The values shown here relate to the four companies acquired and are explained in the following notes to the accounts, where they are highlighted in the financial statements as external growth.

	Provisional fair value at 30 June 2014
	€ million
ASSETS	
Non-current assets	
Net tangible fixed assets	18.3
Investment properties	1.1
Brands	67.6
Deferred tax assets	2.6
Other non-current financial assets	5.0
Other non-current assets	1.4
Total non-current assets	**96.0**
Current assets	
Inventories	12.7
Trade receivables	21.1
Cash and cash equivalents	31.6
Other receivables	2.3
Total current assets	**67.7**
Total assets	**163.7**
LIABILITIES	
Non-current liabilities	
Defined benefit plans	2.5
Provision for risks and charges	1.8
Deferred tax liabilities	21.3
Non-current financial liabilities	15.6
Non-controlling interests	0.3
Total non-current liabilities	**41.5**
Current liabilities	
Payables to banks	25.5
Other financial payables	1.3
Payables to suppliers	14.4
Current payables to tax authorities	0.5
Other current liabilities	3.7
Total current liabilities	**45.4**
Total liabilities	**86.9**
Net assets acquired	**76.8**
Goodwill generated by acquisition	**21.2**
Total cost, of which:	**103.7**
Price paid in cash, excluding ancillary costs	*98.0*
Net cash position acquired, of which:	*5.7*
• *cash acquired*	*(36.6)*
• *financial debt acquired*	*42.3*

If the business had been consolidated from the start of the half year, the effect on net sales and EBITDA for the period would have been around € 26.0 million and € 5.0 million respectively.

7. Operating segments

The Group's reporting is based mainly on geographical regions; the four regions identified as operating segments and for which profitability is analysed are: Italy, Rest of Europe, Americas and Rest of the World and duty-free.
Profitability is analysed at the level of profit before recurring activities, equivalent to the operating result before non-recurring income and charges.
In addition, the profitability of each region reflects the profit generated by the Group in sales to third parties made in that region, thereby neutralising the effects of inter-company margins.

2014	Americas € million	Italy € million	Rest of Europe € million	Rest of the World € million	Total allocated € million	Non-allocated items and adjustments € million	Total € million
Net sales to third parties	275.1	194.0	148.0	69.0	686.1		686.1
Net sales between segments	14.5	75.2	17.2	0.1	107.0	(107.0)	-
Total net sales	**289.6**	**269.2**	**165.2**	**69.1**	**793.1**	**(107.0)**	**686.1**
Segment result	**44.2**	**47.0**	**23.0**	**10.2**	**124.4**		**124.4**
Non-recurring income (charges)	-	-	-	-	-	(3.2)	(3.2)
Operating result							**121.2**
Net financial income (charges)						(29.9)	(29.9)
Taxes						(33.7)	(33.7)
Non-controlling interests						(0.3)	(0.3)
Group profit for the period						-	**57.3**

2013	Americas € million	Italy € million	Rest of Europe € million	Rest of the World € million	Total allocated € million	Non-allocated items and adjustments € million	Total € million
Net sales to third parties	310.7	179.3	143.8	64.7	698.6		698.6
Net sales between segments	21.2	82.4	17.7	-	121.3	(121.3)	-
Total net sales	**331.9**	**261.7**	**161.5**	**64.8**	**819.8**	**(121.3)**	**698.6**
Segment result	**55.2**	**35.7**	**22.4**	**12.0**	**125.4**		**125.4**
Non-recurring income (charges)	-	-	-	-	-	(4.9)	(4.9)
Operating result							**120.5**
Net financial income (charges)	-	-	-	-	-	(28.3)	(28.3)
Taxes	-	-	-	-	-	(34.3)	(34.3)
Non-controlling interests						(0.3)	(0.3)
Group profit for the period							**57.6**

8. Net sales

A breakdown of net sales is shown in the table below.

	First half 2014 € million	First half 2013 € million
Sale of goods	679.3	696.9
Provision of services	6.8	1.7
Total net sales	**686.1**	**698.6**

The provision of services relates to bottling the products of third parties.
The increase compared to 2013 relates to the acquisition of the bottling business in Australia in September 2013.
For a more detailed analysis of net sales, interim Report please refer to the information in the interim Report on operations in the Sales performance section.

9. Cost of goods sold

A breakdown of the cost of goods sold is shown by function and by nature in the two tables below.

	First half 2014 € million	First half 2013 € million
Materials and manufacturing costs	282.6	287.3
Distribution costs	38.1	37.9
Total cost of goods sold	**320.6**	**325.2**

	First half 2014 € million	First half 2013 € million
Raw materials and finished goods acquired from third parties	211.5	214.5
Inventory write-downs	1.2	1.6
Personnel costs	30.6	28.5
Depreciation/amortisation	13.3	14.1
of which capitalised on final stocks of maturing inventory	*(2.4)*	*(2.2)*
Utilities	12.0	11.1
External production and maintenance costs	12.8	10.8
Variable transport costs	26.2	27.0
Other costs	12.9	17.6
Total cost of goods sold	**320.6**	**325.2**

The trend in the cost of goods sold is commented upon in the interim Report on operations, where the change in these costs as a percentage of net sales is analysed.
Capitalised depreciation on final stocks of maturing inventory relates to the depreciation of the tangible assets of Campari America, which was capitalised on stocks of maturing inventory; on average, the product is matured for a period of between five and seven years.

10. Overheads

A breakdown of overheads is shown by function and by nature in the two tables below.

	First half 2014 € million	First half 2013 € million
Sales costs	58.6	60.0
General and administrative expenses	74.0	77.5
Total overheads	**132.6**	**137.5**

	First half 2014 € million	First half 2013 € million
Agents and other variable sales costs	9.8	9.6
Depreciation/amortisation	5.2	5.2
Personnel costs	71.9	72.0
Travel, transfers, business trips and meetings	10.0	11.3
Utilities	0.7	0.9
Services. maintenance and insurance	16.3	18.8
Operating leases and rental expenses	5.3	5.6
Other	10.2	9.2
Total recurring overheads	**129.4**	**132.6**
Non-recurring (income) and charges	3.2	4.9
Total overheads	**132.6**	**137.5**

11. Non-recurring income and charges

A breakdown of this item is shown in the table below.

	First half 2014 € million	First half 2013 € million
Capital gains on the sale of intangible assets	-	4.5
Capital gains on the sale of buildings	-	0.1
Other capital gains on the sale of fixed assets	0.2	0.3
Various indemnities	1.4	-
Other non-recurring income	0.3	0.4
Total non-recurring income	**1.9**	**5.3**
Accruals for risks and charges	(0.2)	-
Termination payments	(1.6)	-
Accruals for restructuring provisions	(0.8)	(4.5)
Write-downs of Group company assets	-	(3.7)
Write-downs of tangible fixed assets	-	(0.5)
Penalty for the early termination of distribution relationships	(0.1)	(0.3)
Acquisition costs	(1.5)	-
Penalties	(0.6)	(0.9)
Other non-recurring charges	(0.4)	(0.3)
Total non-recurring charges	**(5.0)**	**(10.2)**
Total (net)	**(3.2)**	**(4.9)**

Restructuring costs of € 2.5 million, of which € 0.8 million was allocated to provisions for risks in the period, relate to the Parent Company, Campari America, and, to a lesser extent, other Group companies.
Acquisition costs of € 1.5 million included legal and consultancy fees relating to the acquisition of Forty Creek Distillery Ltd. and Fratelli Averna S.p.A., which were charged to the income statement, as required by IFRS 3-Business combinations.

12. Financial income and charges

The breakdown of net financial income and charges is as follows:

	First half 2014 € million	First half 2013 € million
Bank and term deposit interest	2.5	2.4
Dividends from third parties	0.2	-
Other income	0.1	0.6
Total financial income	**2.8**	**3.0**
Net interest payable on bonds and private placement	(28.6)	(27.4)
Interest payable to banks	(1.9)	(0.8)
Total interest payable	**(30.6)**	**(28.2)**
Bank charges	(0.8)	(1.0)
Other charges and exchange rate differences	(0.6)	(2.2)
Total financial charges	**(1.4)**	**(3.1)**
Net financial income (charges)	**(29.2)**	**(28.3)**
Non-recurring acquisition costs	(0.7)	(0.1)
Net financial income (charges)	**(29.9)**	**(28.3)**

Net financial charges for the first half of 2014 stood at € 29.2 million, plus non-recurring charges of € 0.7 million, representing an increase of € 0.9 million on the € 28.3 million recorded in the same period of 2013.
Average debt for the period was € 927.8 million compared with € 909.4 million in the first half of 2013. It should be noted that average debt includes the acquisitions made in the period (Forty Creek Distillery Ltd and Averna Group) for one month only, as both transactions closed at the beginning of June.
The average cost of debt for the first half of 2014, at 6.3%, was in line with the previous year. This cost includes the effects of a significant negative carry on interest generated by cash and cash equivalents, held partly to pay for the acquisitions in the period, compared with the interest paid on medium-/long-term debt.

13. Taxes

A breakdown of current and deferred tax is shown in the table below.

	First half 2014 € million	First half 2013 € million
- Taxes for the year	(25.5)	(26.2)
- Taxes relating to previous financial years	0.5	(0.1)
Income tax–current	(25.0)	(26.3)
Income tax–deferred: newly arising and elimination of temporary differences	(8.7)	(8.1)
Income tax reported in the income statement	**(33.7)**	**(34.3)**

Deferred taxes include an amount of €11.0 million, broadly in line with the first half of 2013, reported for the purposes of cancelling out the effect of the tax deductibility of amortisation on goodwill and trademarks permitted under local legislation.
A breakdown of deferred tax assets and liabilities is shown in the table below. For the impact of the new acquisitions on the basis of consolidation , please see note 6-Business combinations.

	30 June 2014 € million	*of which perimeter effect* € million	31 December 2013 € million
Deferred tax assets	15.8	2.6	12.4
Deferred tax liabilities	(238.1)	(23.2)	(204.7)
Net deferred tax	**(222.3)**	**(20.6)**	**(192.3)**

14. Net tangible fixed assets

Changes in this item during the period are shown in the table below.

	Land and buildings € million	Plant and machinery € million	Other € million	Total € million
Carrying value at start of period	281.8	320.8	127.1	729.6
Accumulated depreciation at start of period	(70.9)	(192.3)	(69.9)	(333.1)
Balance at 31 December 2013	**210.9**	**128.5**	**57.2**	**396.6**
Perimeter effect for acquisitions	21.0	6.2	1.2	28.4
Perimeter effect for disposals	(1.2)	(1.0)	(0.1)	(2.3)
Capital expenditure	1.1	4.6	8.3	14.0
Disposals	(2.4)	(0.1)	(1.2)	(3.7)
Depreciation	(4.3)	(9.3)	(4.1)	(17.7)
Reclassifications	0.3	7.3	(7.4)	0.2
Write-downs	-	(0.2)	(0.2)	(0.4)
Exchange rate differences and other changes	0.3	0.9	-	1.3
Balance at 30 June 2014	**225.8**	**136.8**	**53.9**	**416.4**
Carrying value at end of period	316.2	358.2	119.2	793.7
Accumulated depreciation at end of period	(90.5)	(221.5)	(65.3)	(377.3)

The change in the basis of consolidation due to acquisitions was € 28.4 million and includes € 10.1 million and € 18.3 million respectively for the effects of the acquisitions of Forty Creek Distillery Ltd. and Fratelli Averna S.p.A. For further information on the acquisitions, please see note 6-Business combinations.
The change in the basis of consolidation due to disposals of € 2.3 million arose from the sale of CISC 'Odessa Sparkling Wine Company' in Ukraine (described under 'Significant events during the period' of the interim Report on operations. The sale had no impact on the Group's first half results.

Investments in the period, of € 14.0 million, mainly relate to the maintenance of existing assets. With regard to investments in extraordinary projects, investments were completed in new bottling plants in 2013; no investments in non-recurring projects were recorded in the first half of 2014.
Investments in other tangible assets, totalling € 8.3 million, included the purchase of barrels to be used for maturing inventory by Campari America for € 4.3 million and by Glen Grant Ltd. for € 0.4 million.

Disposals, amounting to € 3.7 million, mainly related to the sale of a property in New Port West, Jamaica, by J. Wray&Nephew Ltd. for € 2.4 million, which did not generate significant financial effects, and to the sale of barrels for maturing inventory by Campari America for € 1.2 million.

15. Biological assets

This item includes biological assets consisting of fruit-bearing and mature vines that provide grapes for wine production and pre-production vineyards.
Sella&Mosca S.p.A. owns vineyards covering approximately 548 hectares north of Alghero in Sardinia, approximately 100 hectares near San Gimignano in Tuscany and around 12 hectares near Alba in Piedmont.
As at 30 June 2014, the Group also owned around five hectares of vineyards in Saint Gilles in France, through Société Civile du Domaine de Lamargue.
After the date of this report, in July 2014, the Group agreed the sale of both Société Civile du Domaine de Lamargue and Lamargue S.a.r.l., manufacturing and commercial companies operating in the wine sector. The vineyards owned in France were therefore sold as part of these agreements. This transaction is not expected to have a significant effect on the consolidated accounts. For more information, please see note 34-Events taking place after the end of the period.
Changes in this item during the period are shown in the table below.

	Assets valued at fair value € million	Assets valued at cost € million	Total € million
Opening value	2.8	24.7	27.5
Accumulated depreciation at start of period	-	(10.2)	(10.2)
Balance at 31 December 2013	**2.8**	**14.5**	**17.3**
Capital expenditure	-	0.4	0.4
Depreciation	-	(0.5)	(0.5)
Balance at 30 June 2014	**2.8**	**14.4**	**17.2**
Closing value	2.8	25.1	27.9
Accumulated depreciation at end of period	-	(10.7)	(10.7)

The capital expenditure of € 0.4 million for the first half of the year mainly related to vineyard equipment that started production during the period.

16. Investment property

At 30 June 2014, investment property totalled € 1.5 million, of which € 0.5 million related to the Parent Company, and included apartments and a shop in the districts of Milan, Bergamo and Verbania, and two buildings in rural locations in the district of Cuneo.
These buildings are recorded in the financial statements at their approximate fair value at the reporting date.
The increase of € 1.0 million was due to the change in the basis of consolidation due to the acquisition of Averna Group.

17. Goodwill and brands

Changes in this item during the period are shown in the table below.

	Goodwill € million	Brands € million	Total € million
Carrying value at start of period	981.5	580.0	1,561.5
Opening impairment	(5.1)	-	(5.1)
Balance at 31 December 2013	**976.4**	**580.0**	**1,556.4**
Perimeter effect	70.2	131.7	201.9
Exchange rate differences	5.6	(1.3)	4.3
Balance at 30 June 2014	**1,052.2**	**710.4**	**1,762.6**
Carrying value at end of period	1,056.1	710.4	1,766.5
Closing impairment	(3.9)	-	(3.9)

Intangible assets with an indefinite life are represented by goodwill and brands, both deriving from acquisitions.

The Group expects to obtain positive cash flow from these assets for an indefinite period of time.
Goodwill and brands are not amortised but are subject to impairment tests.
The external change of € 201.9 million derives from the provisional allocation of the price paid for acquiring Fratelli Averna S.p.A. and Forty Creek Distillery Ltd. Amounts of € 131.7 million for the brand and € 70.2 million for goodwill were partially denominated in other currencies than the euro and were converted at the exchange rate applying on the acquisition date. The positive exchange rate difference of € 1.8 million is included under Exchange rate differences.
For further information on the acquisition, please see note 6-Business combinations.
Positive exchange rate differences, totalling € 4.3 million, arose when the local currency values relating to the acquisitions of companies and brands by the Group were adjusted to the exchange rates applying at the end of the period.

18. Intangible assets with a finite life

Changes during the period are shown in the table below.

	Software € million	Other € million	Total € million
Carrying value at start of period	33.1	17.3	50.5
Accumulated amortisation at start of period	(21.2)	(3.3)	(24.5)
Balance at 31 December 2013	**12.0**	**14.0**	**26.0**
Capital expenditure	4.0	0.7	4.7
Reclassifications	1.3	(1.4)	(0.1)
Amortisation for the period	(2.2)	(0.8)	(3.0)
Exchange rate differences and other changes	0.1	-	-
Balance at 30 June 2014	**15.1**	**12.4**	**27.5**
Carrying value at end of period	38.2	16.4	54.6
Accumulated amortisation at end of period	(23.1)	(4.0)	(27.1)

Intangible assets with a finite life are amortised on a straight-line basis in relation to their remaining useful life.
Investment for the period was € 4.7 million, of which € 4.1 million related to the implementation of the SAP IT system and related modules rolled out in the Group's new companies and to new modules and upgrades implemented by other companies.

19. Other non-current assets

This item breaks down as follows.

	30 June 2014 € million	*of which perimeter effect* *€ million*	31 December 2013 € million
Securities and deposits	15.2	*5.0*	-
Other financial receivables	9.8	-	9.8
Non-current financial assets	**25.0**	***5.0***	**9.8**
Investments in other companies	1.3	*0.2*	1.3
Security deposits	0.6	-	1.0
Receivables from defined benefit obligation	13.4	-	14.9
Other non-current receivables from main shareholders	2.2	-	2.2
Other non-current tax receivables	5.9	*1.4*	4.4
Other non-current assets	**23.4**	***1.7***	**23.8**
	-	-	-
Other non-current assets	**48.5**	***6.7***	**33.7**

Securities and deposits increased in the period due to the addition of a cash investment by the Parent Company, maturing in 2019, of € 15.0 million.

The external change added € 5.0 million for financial assets owned by Averna Group on the acquisition date. During June, most of these assets, which were originally reserved for medium-/long-term bank loans, were released and transferred to current accounts at banks (€ 2.5 million) and short-term financial receivables (€ 2.5 million).

In addition, financial receivables include the value of the asset arising from the closure of the derivative contract entered into on the Eurobond 2009 issue, which was closed in 2012. This asset is collected over the remaining duration of the underlying loan, and is therefore divided into a long-term component, totalling € 9.8 million, and a short-term component, totalling € 4.9 million (both unchanged compared with 31 December 2013), as described in note 21-Short-term financial receivables.
Receivables from the defined benefit obligation represent a surplus of assets servicing the plan in respect of the present value of benefit obligations at year-end.
Non-current receivables from main shareholders of € 2.2 million relate to the Group's Italian companies and the right to a refund of the additional income tax paid in the period from 2007 to 2011 relating to tax consolidation.
In addition, the Group's Italian companies are due tax receivables of € 3.0 million from the tax authorities; these are of the same type as the previous ones but relate to previous tax periods. This item is included in other non-current tax receivables; the remainder of this item is made up of receivables of Campari do Brasil Ltda.

20. Inventories and current biological assets

This item breaks down as follows.

	30 June 2014 € million	*of which perimeter effect € million*	31 December 2013 € million
Raw materials, supplies and consumables	57.0	*5.9*	49.9
Work in progress and maturing inventory	278.8	*10.2*	263.1
Finished products and goods for resale	160.5	*7.3*	129.7
Inventories	**496.3**	***23.5***	**442.6**
Current biological assets	1.8	-	4.5
Current biological assets	**1.8**	**-**	**4.5**
Total	**498.1**	***23.5***	**447.1**

Inventories are reported minus the relevant provisions for write-downs. The changes are shown in the table below.

	€ million
Balance at 31 December 2013	**13.4**
Perimeter effect	0.4
Accruals	0.5
Utilisations	(0.9)
Exchange rate differences	(0.4)
Balance at 30 June 2014	**13.0**

21. Short-term financial receivables

	30 June 2014 € million	*of which perimeter effect € million*	31 December 2013 € million
Securities and term deposits	**5.2**	**-**	**25.2**
Net accrued interest income/expense from swap on bonds	0.8	-	0.7
Valuation at fair value of forward contracts	0.4	-	0.7
Other financial assets and liabilities	4.9	-	4.9
Other short-term financial receivables	**6.1**	**-**	**6.3**
Short-term financial receivables	**11.3**	**-**	**31.5**

The change in the period in securities and term deposits relates to € 25.0 million in deposits received by the Parent Company which matured in April 2014, net of new cash investments of € 5.0 million; of the latter, € 2.5 million

represents the reclassification of non-current financial assets owned by Averna Group at the date of acquisition, which were redeemed in June.
The other financial assets comprise the current portion (€ 4.9 million) of the receivable arising from the termination of a number of hedging agreements on the Parent Company's bond loan issued in 2009. The termination of these agreements led to the recording of a financial receivable, which will be collected over the remaining duration of the underlying loan, until 2016. The non-current portion of this receivable (€ 9.8 million) is included in non-current financial receivables (see note 19-Other non-current assets).
All financial receivables are current and due within a year.

22. Cash and cash equivalents

	30 June 2014	*of which perimeter effect*	31 December 2013
	€ million	*€ million*	€ million
Bank current accounts and cash	246.9	*32.2*	241.0
Term deposits maturing within 3 months	25,9	-	203.2
Cash and cash equivalents	**272.8**	***32.2***	**444.2**

The change in cash and cash equivalents in the period is due to the financial outlay of € 217.9 million for the acquisitions completed in June. Note 6-Business combinations contains more information on cash flows relating to the acquisitions.
The effect of the change in the basis of consolidation of € 32.2 million relates to the cash held by the acquired companies at the closing date, and is mainly due to Averna Group. This compares with net financial liabilities arising from the acquisitions of € 37.8 million.
Bank current account balances also include restricted cash and cash equivalents of € 2.5 million. These funds are earmarked to be available at any time to purchase the residual shares of LdM. Short-term financial payables include a liability of the same amount, as shown under note 26-Short-term financial payables.

Reconciliation with net debt

The table below shows the reconciliation between cash and net debt.

	30 June 2014	31 December 2013
	€ million	€ million
Cash and cash equivalents	272.8	444.2
Liquidity (A)	**272.8**	**444.2**
Securities	5.2	25.2
Other short-term financial receivables	6.1	6.3
Short-term financial receivables (B)	**11.3**	**31.5**
Short-term bank debt	(175.6)	(122.3)
Current portion of lease payables	(0.1)	-
Current portion of private placement and bonds	-	(28.9)
Other short-term financial payables	(41.7)	(12.6)
Current portion of payables for put options and earn-outs	(3.0)	(2.8)
Short-term financial debt (C)	**(220.4)**	**(166.7)**
Short-term net cash (debt) position (A+B+C)	**63.7**	**309.1**
Non-current bank debt	(14.8)	(0.6)
Current portion of lease payables	(1.3)	(1.3)
Non-current portion of private placement and bonds	(1,170.0)	(1,167.7)
Other non-current financial payables	-	(0.2)
Non-current portion of payables for put options and earn-outs	(1.8)	(1.9)
Non-current financial debt (D)	**(1,187.9)**	**(1,171.7)**
Net debt (A+B+C+D) (*)	**(1,124.1)**	**(862.6)**
Reconciliation with Group net debt, as shown in the Directors' report:		
Non-current financial receivables	25.0	9.8
Group net debt	(1,099.1)	(852.8)

(*) in accordance with the definition of net debt set out in Consob communication DEM 6064293 of 28 July 2006.

23. Non-current assets held for sale

This item includes surplus real estate assets whose sale is highly probable, or for which there is an irrevocable commitment to sell with a third party.
These assets, valued at the lower of their carrying amount and fair value less selling costs, totalled € 1.0 million at 30 June 2014. The item includes a residual portion of the Termoli site, for which concrete but complex sale negotiations are in place with potential buyers, including the definition of the disinvestment programme. There were no changes in the first half.

24. Shareholders' equity

Share capital

At 30 June 2014, the share capital was € 58,080,000, comprising 580,800,000 ordinary shares with a nominal value of € 0.10 each, fully paid-up.

Outstanding shares and own shares

In the first six months of the year, the Group purchased 900,000 shares for a total price of € 5.3 million, which equates to an average price of € 5.86, and sold 2,285,522 shares through the exercise of stock options.
The table below shows a reconciliation between the number of outstanding shares at 31 December 2012, 31 December 2013 and 30 June 2014.

	No. of shares			Nominal value		
	30 June 2014	31 December 2013	31 December 2012	30 June 2014	31 December 2013	31 December 2012
				€	€	€
Outstanding shares at the beginning of the period	575,683,176	576,301,882	577,453,435	57,568,318	57,630,188	57,745,344
Purchases for the stock option plan	(900,000)	(8,264,835)	(4,613,817)	(90,000)	(826,484)	(461,382)
Disposals	2,285,522	7,646,129	3,462,264	228,552	764,613	346,226
Outstanding shares at the end of the period	577,068,698	575,683,176	576,301,882	57,706,870	57,568,318	57,630,188
Total own shares held	3,731,302	5,116,824	4,498,118	373,130	511,682	449,812
Own shares as a % of share capital	0.6%	0.9%	0.8%			

Dividends paid and proposed

Dividends to the value of € 46.1 million relating to 2013 were approved by the shareholders' meeting of the Parent Company on 30 April 2014 and paid in May 2014.

	Total amount		Dividend per share	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	€ million	€ million	€	€
Dividends approved and paid during the period on ordinary shares	46.1	39.8	0.08	0.07
Dividends proposed on ordinary shares		46.1		0.08

Other reserves

The table below shows a breakdown of, and changes to, the shareholders' equity reserves for stock options, cash flow hedging and currency translation.

	Stock options € million	Cash flow hedging € million	Foreign currency translation reserves € million	Remeasurement of defined benefit plans € million	Total € million
Balance at 31 December 2013	**23.0**	**(2.7)**	**(149.9)**	**(2.3)**	**(131.9)**
Cost of stock options for the period	3.5				3.5
Stock options exercised	(1.2)				(1.2)
Losses (profits) reclassified in the income statement		(0.6)			(0.6)
Profits (losses) allocated to shareholders' equity				(1.1)	(1.1)
Cash flow hedge reserve allocated to shareholders' equity		(1.1)			(1.1)
Tax effect allocated to shareholders' equity		0.4			0.4
Translation difference			3.3		3.3
Balance at 30 June 2014	**25.3**	**(3.9)**	**(146.6)**	**(3.4)**	**(128.8)**

25. Bonds and other non-current liabilities

The table below shows a breakdown of the Group's bonds and other non-current liabilities.

	30 June 2014 € million	*of which perimeter effect € million*	31 December 2013 € million
Parent Company bond (USD) issued in 2003	223.2	-	221.3
Parent Company bond (Eurobond) issued in 2009	358.9	-	360.7
Parent Company bond (Eurobond) issued in 2012	394.7	-	394.2
Private placement issued in 2009	152.4	-	150.8
Total bonds and private placements	**1,129.3**	**-**	**1,127.0**
Payables and loans due to banks	14.8	*14.2*	0.6
Property leases	1.3	*0.0*	1.3
Derivatives on Parent Company bond (USD)	40.7	-	40.8
Payables for put options and earn-outs	1.8	-	1.9
Other debt	-	-	0.2
Non-current financial liabilities	58.6	*14.3*	44.7
Other non-financial liabilities	4.8	-	4.0
Other non-current liabilities	**63.4**	***14.3***	**48.7**

Bonds

The bonds relate to three bond placements by the Parent Company with a nominal value of USD 300 million, € 350 million and € 400 million, issued in 2003, 2009 and 2012 respectively.
The change in the value of this liability compared with 31 December 2013 was mainly due to the effects resulting from the amortised cost of the debt and the change in the fair value of the related hedging derivatives.
There were no significant changes in hedging contracts compared with those in place at 31 December 2013.

Private placement

The private placement includes a bond issue placed by Campari America on the US market in 2009.
The difference compared with the value at 31 December 2013 is solely due to exchange rate effects in the period.

Payables and loans due to banks

The external change in the first half generated a net increase of € 14.2 million relating to Averna Group. This relates to euro-denominated loans entered into with prime banks and maturing at the end of 2019; interest is mainly due at floating market rates. The portion falling due within 12 months (€ 12.6 million) is classified as short-term bank loans; further details are given in note 26-Payables to banks and other short-term financial payables. These loans are secured by mortgages on properties in Caltanissetta for an amount of € 9.0 million.

Property leases

The external change includes two opposing effects which completely cancel each other out.

Specifically, Averna Group has a financial lease for various items of industrial land and buildings of Finale Emilia, worth € 1.4 million, of which € 1.3 million falls due after 12 months. This funding is secured on the leased properties.
Financial leasing payables decreased in the period by € 1.3 million, due to the sale of CISC 'Odessa Sparkling Wine Company'.

Payables for put options and earn-outs
The payable for put options and earn-outs at 30 June 2014 related to the long-term outlay for the Sagatiba Brasil S.A. earn-out, payable in the eight years after the closing date in 2011.

Other non-financial liabilities
Other non-financial liabilities at 30 June 2014 include amounts due from the Parent Company for fines and interest of € 1.0 million payable in instalments by the end of 2017, and long-term liabilities accrued in relation to employees of € 3.8 million.

26. Payables to banks and other short-term financial payables

	30 June 2014 € million	*of which perimeter effect* *€ million*	31 December 2013 € million
Payables and loans due to banks	175.6	*26.0*	122.3
Short-term portion of private placement (issued in 2009)	-	-	28.9
Accrued interest on bonds	30.5	-	12.3
Property leases	0.1	*0.1*	-
Financial liabilities on hedging contracts	0.9	*0.3*	-
Payables for put options and earn-outs	3.0	-	2.8
Other debt	10.3	*0.9*	0.3
Total other financial payables	44.8	*1.3*	44.4

Payables and loans due to banks
The change in the basis of consolidation in the first half-year caused a net increase of € 26.0 million in payables and loans to banks, and comprised the following:
- The recording of the current portion of Averna Group's bank loans, totalling € 12.6 million; please refer to the comments in note 26-Bonds and other non-current liabilities;
- Other short-term bank loans of € 13.4 million.

Private placement issued in 2009
The payable shown at 31 December 2013 represented the current part (USD 40 million) of the private placement placed on the US bond market by Campari America in 2009, which was settled during the first half of 2014.

Accrued interest on bonds
The change in accrued interest on bonds is due to the timing of coupon payments. Specifically, coupons are paid in the second half of the year on the two Eurobonds issued in 2009 and 2012.

Payables for put options and earn-outs
The current portion of these payables represents the commitment for the Sagatiba earn-out (€ 2.7 million) and the financial payable relating to the residual shares of J. Wray&Nephew Ltd., which the Group intends to purchase for the non-controlling shareholders (€ 2.7 million).

Other debt
The amount still to be paid to the sellers of Forty Creek Distillery, of € 6.4 million (equivalent to CAD 9.3 million), relating to the purchase price holdback stipulated by the agreement, is included under 'effect of the change in basis of consolidation'. Please refer to note 6-Business Combinations for more details on the acquisition.

27. Provisions for risks and charges

	Tax provision € million	Restructuring provisions € million	Agent severance fund € million	Other € million	Total € million
Balance at 31 December 2013	**14.8**	**1.5**	**1.6**	**14.7**	**32.4**
Perimter effect for acquisitions	0.7	-	0.4	0.6	1.8
Perimeter effect for disposals	-	-	-	(4.3)	(4.3)
Accruals	-	0.8	0.1	0.2	1.1
Utilisations	-	(0.6)	(0.1)	-	(0.7)
Releases	(0.1)	(0.5)	-	(0.3)	(0.9)
Exchange rate differences and other changes	(0.6)	-	-	2.8	2.2
Balance at 30 June 2014	**14.8**	**1.1**	**2.1**	**13.6**	**31.5**

In relation to changes in the provisions for risks and charges from that shown in the 2013 annual financial statements, it should be noted that restructuring costs of € 0.8 million relate to the estimated costs for the restructuring processes currently under way within the Group.

Changes in the basis of consolidation as a result of disposals, totalling € 4.3 million, relate to the sale of the company, CISC 'Odessa Sparkling Wine Company', in April 2014, for which provisions for write-downs of assets and miscellaneous risks had been recorded.

The information reported below concerns potential liabilities arising from two disputes in progress with the Brazilian tax authorities, in relation to which the Group does not however deem it necessary to make provisions as of the date of this report. There are no other significant contingent liabilities.

The first dispute related to production tax (IPI), and contested the classification of products sold by Campari do Brasil Ltda. The increase in taxes and penalties stood at BRL 117.2 million plus interest.
In March 2012, the company was officially informed of the outcome of the dispute, which was in its favour.
However, since the formulation of the ruling was not deemed sufficient to afford the company complete legal safeguards in the event of future litigation relating to the same dispute, the company lawyers proposed to appeal in order to obtain a ruling that fully protects the company in the event of future disputes.
In view of the outcome of the case and based on the advice of its lawyers, the Group continues to believe that there is still no reason to make a specific provision.
As a result, no provisions were made for this item in the half-year financial statements at 30 June 2014.

The second dispute relates to a tax inspection report relating to the payment of ICMS (tax on the consumption of goods and services) in respect of sales made by Campari do Brasil Ltda to a single customer in 2007 and 2008; the company was notified of this report on 16 February 2012.
The amount stipulated, including penalties and interest, totalled BRL 53.6 million (around € 20.8 million).
The dispute is pending before the administrative court, and is not expected to be settled in the near future.
Based on evaluations conducted by external legal consultants, who have appealed against the findings of the local tax authorities, the Group believes that the outcome of the dispute will be favourable to the company. It is therefore deemed unnecessary at present to establish a specific provision.

28. Current tax payables and receivables

	30 June 2014 € million	*of which perimeter effect € million*	31 December 2013 € million
Current income tax receivables			
Income taxes	8.2	-	14.5
Receivables from main shareholders for tax consolidation	1.0	-	2.5
Total receivables	**9.3**	**-**	**17.0**
Current income tax payables			
Income taxes	13.1	*8.5*	5.9
Due to ultimate shareholder for tax consolidation	-	-	1.3
Total payables	**13.1**	***8.5***	**7.2**

The effect of the change in the basis of consolidation (€ 8.5 million) stems from acquisitions made during the period. It includes a payable of € 7.5 million, connected with the contractual agreements for the acquisition of Forty Creek Distillery Ltd, which constitutes a part of the total acquisition cost. Please refer to note 6-Business Combinations for more details on the acquisition.

Group companies paid taxes and associated payments on account of € 22.0 million during the first half, a decrease on the same period in 2013 (€ 40.6 million). This was due to the use by some Group companies of previous tax credits, and the lower amount of taxes paid on account by some companies.

It should be noted that, in addition to receivables for the tax consolidation scheme of €1.0 million, shown in the table, the ultimate shareholder Alicros S.p.A. also recorded non-current tax receivables of € 2.2 million, as explained in note 19-Other non-current assets and net payables, relating to Group VAT of € 8.0 million, all of which are non-interest-bearing. For further details, see note 32-Related parties.

29. Stock options

The shareholders' meeting of 30 April 2014 approved a new stock option plan, establishing the maximum number of shares that may be assigned (specifying how many may be assigned to directors of the Parent Company and how many to any other beneficiary) and authorising the board of directors of the Parent Company to identify, within the limits established by the shareholders' meeting, the beneficiaries and the number of options that may be assigned to each.

The options were therefore assigned on 1 July 2014 to the individual beneficiaries, with the right to exercise options in the two-year period following the end of the seventh year from the allocation date, with the right to bring forward the (full or partial) exercise to the end of the fifth or sixth year from allocation, with the consequent one-off application of a reduction of 20% or 10% respectively of the total number of options allocated.
The total number of options granted for the purchase of further shares was 12,065,972, with the average allocation price at € 6.28, equivalent to the weighted average market price in the month preceding the day on which the options were granted.

As the allocation date falls after the date of this report, the new plan did not have any economic or financial impact on the six months to 30 June 2014.

The table below shows the changes in options during the period.

	30 June 2014		31 December 2013	
	No. of shares	Average allocation/ exercise price (€)	No. of shares	Average allocation/ exercise price (€)
Options outstanding at the beginning of the period	36,571,281	4.18	44,328,942	3.96
Options granted during the period	-	-	965,984	5.90
(Options cancelled during the period)	(832,095)	4.83	(952,758)	4.74
(Options exercised during the period) (*)	(2,285,522)	2.87	(7,734,001)	3.04
(Options expiring during the period)	-	-	(36,886)	3.84
Options outstanding at the end of the period	33,453,664	4.25	36,571,281	4.18
of which those that can be exercised at the end of the period	4,620,970	2.85	6,836,492	2.85

(*) average market price on exercise date: € 6.21

30. Financial instruments - disclosures

The value of individual categories of financial assets and liabilities held by the Group is shown below.

30 June 2014 € million	Loans and receivables	Financial liabilities at amortised cost	Hedging transactions
Cash and cash equivalents	272.8		
Short-term financial receivables	10.2		
Other non-current financial assets	25.0		
Trade receivables	312.9		
Payables to banks		(190.2)	
Real estate lease payables		(1.4)	
Bonds		(976.8)	
Private placement		(152.4)	
Accrued interest on bonds		(30.6)	
Other financial liabilities		(3.9)	
Put option payables		(11.2)	
Trade payables		(193.4)	
Current assets for hedge derivatives			1.2
Non-current liabilities for hedge derivatives			(40.7)
Financial liabilities on hedging contracts			(0.9)
Total	620.9	(1,559.9)	(40.4)

31 December 2013 € million	Loans and receivables	Financial liabilities at amortised cost	Hedging transactions
Cash and cash equivalents	444.2		
Short-term financial receivables	30.1		
Other non-current financial assets	9.8		
Trade receivables	288.5		
Payables to banks		(122.8)	
Real estate lease payables		(1.3)	
Bonds		(976.2)	
Private placement		(179.7)	
Accrued interest on bonds		(12.3)	
Other financial liabilities		(0.5)	
Put option payables		(4.8)	
Trade payables		(198.1)	
Current assets for hedge derivatives			1.4
Non-current liabilities for hedge derivatives			(40.8)
Total	772.6	(1,495.7)	(39.4)

31. Assets and liabilities measured at fair value

The following information is provided in accordance with the provisions of IFRS 13-Fair Value Measurement.

The method used for determining fair value is described below. For a complete description of the measurement criteria, please see the annual financial statements for 2013.

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying value equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash and variable-rate financial instruments;
- for the valuation of hedging instruments at fair value, the Company used valuation models based on market parameters;
- the fair value of non-current financial payables was obtained by discounting all future cash flows at the rates in effect at the end of the year.

For commercial items and other receivables and payables, fair value corresponds to the carrying amount.

Fair value of non-financial instruments:

- for the biological assets in Sardinia, with respect to the application of IAS 41 on the accounting treatment of biological assets (vines) and biological products (grapes), given the unique situation of Sella&Mosca S.p.A. vis-à-vis the territory in which it operates, as described below, it was decided to continue recording these assets at cost, less accumulated depreciation; valuation at fair value would require the following assumptions to be met, which do not apply in the context in which the Company operates: the existence of an active market for biological products and assets. This is not the case in Sardinia, as the market cannot absorb grapes and vines in the quantities concerned, due to a lack of buyers, and it is not possible to set potential market prices in a scenario in which all products or biological assets are made available for sale; the adoption of the alternative cash flow valuation method, which cannot be used due to both the inability to set a reliable price for the biological products concerned in the quantity concerned, and the inability to determine or measure the projected cash flows;
- for the other biological assets measured at fair value, this value is based on surveys of agricultural land and the related vineyards carried out by an expert.
- for current biological assets (agricultural produce), the fair value is determined based on the sale price net of estimated sales costs.

Investment property is valued at cost, which is considered a reliable approximation of its fair value.
The table below details the hierarchy of financial and non-financial instruments measured at fair value, based on the valuation methods used:
- level 1: the valuation methods use prices listed on an active market for the assets and liabilities subject to valuation;
- level 2: the valuation methods take into account various inputs from previous prices, but that can be observed on the market directly or indirectly;
- level 3: the techniques used take into account inputs that are not based on observable market data.

In 2014, no changes were made in the valuation methods applied.

Financial instruments
Derivatives, valued using techniques based on market data, are mainly interest rate swaps and forward sale/purchases of foreign currencies to hedge both the fair value of the underlying instruments and cash flows.

The most commonly applied valuation methods include the forward pricing and swap models, which use present value calculations.
The models incorporate various inputs, including the credit rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.

The table below analyses financial instruments measured at fair value based on three different valuation levels.

30 June 2014	Level 1 € million	Level 2 € million	Level 3 € million
Assets measured at fair value			
Accrued interest on bond swaps	-	0.8	-
Futures currency contract	-	0.4	-
Liabilities valued at fair value			
Interest rate and cross currency swap on bond (USD)	-	40.7	-
Forward currency and interest rate contracts	-	0.9	-

31 December 2013	Level 1 € million	Level 2 € million	Level 3 € million
Assets measured at fair value			
Accrued interest on bond swaps	-	0.7	-
Futures currency contract	-	0.7	-
Liabilities valued at fair value			
Interest rate and cross currency swap on bond (USD)	-	40.8	-

The level 2 valuation method used for financial instruments measured at fair value is based on parameters such as exchange rates and interest rates, which are priced on active markets or are observable on official rate curves.
In the first half of the year, no reclassifications were made between the levels indicated above in the fair value hierarchies.

<u>Non-financial instruments</u>
The table below analyses non-financial instruments measured at fair value, which include biological assets only.

30 June 2014	Level 1 € million	Level 2 € million	Level 3 € million
Assets measured at fair value			
Biological assets	-	4.6	-

31 December 2013	Level 1 € million	Level 2 € million	Level 3 € million
Assets measured at fair value			
Biological assets	-	7.3	-

The level 2 valuation method used for biological assets is generally based on expected cash flows resulting from the sale of wine products. The sale prices of wine products used as a reference point relate to products that are strictly comparable with those of the Group. The parameters used are the production potential of vineyards on land with similar characteristics and the corresponding overall market value. The sale prices of sugar are linked to the official prices in the reference markets, appropriately adjusted to take account of sales costs.
In the first half of the year, no reclassifications were made between the levels indicated above in the fair value hierarchies.

32. Related parties

Davide Campari-Milano S.p.A. is controlled by Alicros S.p.A.
Davide Campari-Milano S.p.A. and its Italian subsidiaries have adopted the domestic tax consolidation scheme governed by articles 117 *et seq*. of the consolidated law on corporate income tax (TUIR) for the three-year period 2013-2015.
The tax receivables and payables of each individual Italian company are therefore recorded as payables to the ultimate shareholder, Alicros S.p.A.
At 30 June 2014, the overall position of the Italian subsidiaries of Davide Campari-Milano S.p.A. and of the ultimate shareholder in respect of Alicros S.p.A., following tax consolidation, is a net receivable of € 1.1 million. The table below shows the net credit balance.

In addition, non-current receivables from Alicros S.p.A. of € 2.2 million relate to the Group's Italian companies and the right to a refund of the additional income tax paid in the period from 2007 to 2011 relating to tax consolidation.

Lastly, Alicros S.p.A., Davide Campari-Milano S.p.A. and its Italian subsidiaries have joined the Group-wide VAT scheme, pursuant to article 73, paragraph 3 of Presidential Decree 633/72.
At 30 June 2014, the Parent Company and its Italian subsidiaries owed Alicros S.p.A. € 8.0 million.

The receivables and payables arising as a result of tax consolidation in respect of direct tax and VAT are non-interest-bearing.

Dealings with affiliated companies and joint ventures form part of ordinary operations and are carried out under market conditions (i.e. conditions that would apply between two independent parties) or using criteria that allow for the recovery of costs incurred and a return on invested capital.
All transactions with related parties were carried out in the Group's interest.

The amounts for the various categories of transaction entered into with related parties are set out below.

30 June 2014	Receivables (payables) for tax consolidation	Receivables (payables) for Group VAT	Other non-current tax receivables	Other receivables (payables)
	€ million	€ million	€ million	€ million
Note	28		19	
Alicros S.p.A.	1.1	(8.0)	2.2	-
Payables to directors	-	-	-	(1.0)
	1.1	**(8.0)**	**2.2**	**(1.0)**
Balance sheet percentage of related item	5%	7%	5%	1%

31 December 2013	Receivables (payables) for tax consolidation € million	Receivables (payables) for Group VAT € million	Other non-current tax receivables € million	Other receivables (payables) € million
Alicros S.p.A.	1.2	(1.2)	2.2	-
Payables to directors	-	-	-	(1.5)
	1.2	**(1.2)**	**2.2**	**(1.5)**
Balance sheet percentage of related item	5%	1%	7%	1%

First half 2014	Other income and charges
	€ million
Alicros S.p.A.	0.1
Balance sheet percentage of related item	0%

First half 2013	Other income and charges
	€ million
Alicros S.p.A.	0.1
Balance sheet percentage of related item	0%

33. Commitments and risks

For information regarding the Group's commitments and risks, please see note 49-Commitments and risks of the consolidated financial statements at 31 December 2013.

34. Events taking place after the end of the period

Sale of Société Civile du Domaine de Lamargue and Lamargue S.a.r.l.

On 7 July 2014, an agreement was reached to sell two of the Group's manufacturing and commercial companies operating in the wines sector, Société Civile du Domaine de Lamargue and Lamargue S.a.r.l.
The deal was closed on 1 August 2014.
This transaction is part of the ongoing rationalisation of the Group's structure and includes the sale of all the companies' assets except for the brand Lamargue for the Chinese market and for all products.
The transaction will not have a significant impact on the consolidated financial statement.

Sesto San Giovanni (MI), 5 August 2014

Chairman of the Board of Directors

Luca Garavoglia

Certification of the condensed half-year financial statements

pursuant to article 81-*ter* of Consob Regulation 11971 of 14 May 1999 as subsequently amended and consolidated

1. We, the undersigned, Robert Kunze-Concewitz and Stefano Saccardi, as managing directors, and Paolo Marchesini, as managing director and the director responsible for preparing the accounting documents of Davide Campari-Milano S.p.A., hereby certify, taking into account the provisions of paragraphs 3 and 4, article 154-*bis*, of the TUF:

- the appropriateness, in relation to the nature of the business, and
- the effective application

of the administrative and accounting procedures used to prepare the condensed half-year financial statements, in the half-year period to 30 June 2014.

2. We further certify that

2.1 the condensed half-year financial statements:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) correspond to the figures contained in the accounting records;

c) provide a true and fair view of the financial position of the issuer and the group of companies included in the basis of consolidation.

2.2 the interim report on operations contains an accurate assessment of the significant events that occurred in the first six months of the year and their effects on the condensed half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim report on operations also contains an accurate assessment of information on significant transactions with related parties.

Sesto San Giovanni, 5 August 2014

Managing Director

Robert Kunze-Concewitz

Director responsible for preparing

the Company's accounting statements and

Managing Director

Paolo Marchesini

Managing Director

Stefano Saccardi

AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

To the Shareholders of
Davide Campari-Milano SpA

1 We have reviewed the condensed consolidated interim financial statements of Davide Campari-Milano SpA and its subsidiaries (Campari Group) as of and for the six-month period ended 30 June 2014, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in shareholders' equity and the related notes. Davide Campari-Milano SpA Directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the International Accounting Standard (IAS 34), applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2 Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the condensed consolidated interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the amounts contained in the above mentioned condensed interim financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express an audit opinion on the condensed consolidated interim financial statements.

For the opinion on the consolidated financial statements of the prior year and the consolidated condensed interim financial statements of the prior year presented for comparative purposes, reference is made to our reports dated 27 March 2014 and 6 August 2013, respectively.

3 Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Campari Group as of and for the six-month period ended 30 June 2014 have not been prepared, in all material respects, in accordance with IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Milan, 5 August 2014

PricewaterhouseCoopers SpA

Signed by

Fabio Facchini
(Partner)

(This report is an English translation of the original auditors' report, which was issued in Italian. This report has been prepared solely for the convenience of international readers)